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FINANCIAL TIMES

Published in London and Frankfurt
No. 29,558 Saturday February 23 1985 *** 35p

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Riverside revives - again
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TRAVEL
Get up and go holidays
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WORLD NEWS

Chernenko's ill health made public

The Soviet public was told officially for the first time that President Konstantin Chernenko, 73, was ill when he was unable to make a Kremlin speech linked to tomorrow's nationwide local elections.

Moscow Communist Party head and Politburo member Viktor Grishin told selected voters that Chernenko "could not attend the meeting on doctors' recommendation." His speech was read out to Moscow district voters. Back Page

Blow to government

Austrian Construction Minister Karl Seikanina resigned after allegations of irregularities over loans and the purchase of a villa delivering a fresh blow to the Socialist-led coalition government. Page 2

Order against NUT

A High Court judge ordered the National Union of Teachers to call off disruptive action by teachers in Solihull schools. The union will seek to continue its action after a ballot. Page 4

Spy stories disowned

Five suspects in India's industrial espionage scandal, including two officials from Prime Minister Rajiv Gandhi's office, said they wanted to retract confessions because they were made under duress. Mr Gandhi is to visit the U.S., France, Algeria and Egypt in June. Page 3

Software 'robbery'

Copyright pirates are estimated to have cost the UK computer software industry £150m in lost sales and royalties last year, parliament was told. Page 3

EEG jobless peak

Unemployment in the European Community rose sharply last month to reach a record 13.6m. Page 2

Computer concern

The Bank of England has sent a special guide on the risks associated with computer-use in banks to 600 UK banks and deposit takers. Page 3

Mali crash kills 50

Fifty people were killed when a domestic airliner crashed on take-off from Timbuktu, Mali. Page 3

Police die in blast

A national state of emergency was extended for a month in Sri Lanka after Tamil separatists killed five policemen in a landmine explosion. Page 2

Greek presidency

Greek presidential elections will be held on March 15 with parliament likely to support Constantinos Karamanlis for another five-year term. Page 2

Change of tune

Andrew Lloyd Webber, British hit musical composer, has written a requiem mass which will be performed for the first time tomorrow in a New York church. Page 2

Briefly...

Social Democratic Party founder member Roy Jenkins re-entered the Royal Free Hospital, London, for a small adjusting operation following prostate surgery in December. Page 2

Belgian Prime Minister Wilfried Martens will visit Britain for talks with Prime Minister Margaret Thatcher on March 2. Page 2

BUSINESS SUMMARY

BTR seeks Takeover Panel aid

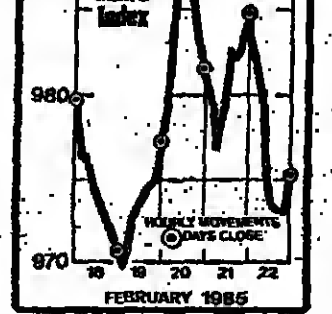
BTR, the broadly-based conglomerate which has made a £33m bid for Dunlop, has turned to the Takeover Panel and the Stock Exchange in a bid to wring more information from the tyre and rubber products group.

The panel confirmed that it had held informal discussions with both companies, and expects to decide what to do early next week. Back Page

DAIMLER-BENZ, the West German motor manufacturer, is to take full control of Motoren- und Turbinen-Union in a deal estimated to be worth some DM 500m (£136.9m). The motor group already owns 50 per cent of MTU. Page 21

TAKEOVER of BPM Holdings, owners of the Birmingham Post and Mail newspaper, by Yattendon Investment Trust has been referred by the Government to the Monopolies Commission. Page 20

EQUITIES turned weaker yesterday, mainly on President Reagan's comments about the dollar. Page 2



dollar, and the FT Ordinary Share Index closed 9.7 down at 975.2. London Stock Market, Page 24

OFFSHORE BANKS and deposit takers who want to advertise for deposits in the UK face stiff new requirements from the Bank of England aimed at ensuring that depositors are properly protected. Page 3

THREE APRICOT Inc. U.S. executives have resigned from the company which was set up recently with \$20m (£18.57m) to sell Applied Computer Techniques' business personal computers in the U.S. The resignations follow disagreements with the UK company over management style. Back Page

NORTH SEA oil prices showed sharp falls mainly because of the arrival on the market of considerable quantities of Iranian crude. API shipments of Brent, the UK marker crude, were quoted at \$26.90 a barrel, down 55 cents from Thursday's best levels. Page 3

ATLANTIC Richfield, the U.S. oil group, is planning to invest \$250m (£202.15m) to set up a chemicals plant in Marseilles to produce additives for the European lead-free petrol market. Back Page

PAULS, the animal and feed and meat group, plans a \$25m (£20.2m) U.S. expansion of its flavours and fragrances business. Page 20

BOOKER McCONNELL, the food distribution and agribusiness group which is fighting a £310m bid from Dee Corporation, is buying Fitch Lovell's 13 cash and carry wholesale depots for £6.7m. Page 20

\$ soars as Reagan refuses to intervene

BY PHILIP STEPHENS

THE DOLLAR staged another remarkable rise in foreign exchange markets yesterday, taking the rise in its overall value over the week to nearly 3.5 per cent.

The immediate trigger for the gains was President Reagan's statement that the U.S. was not prepared to take action artificially to depress the value of the dollar, but dealers said the momentum of its recent rise had also become self-generating.

The President's comments on Thursday were seen in the market as signalling that central banks were not prepared to launch a joint attack on the U.S. currency and provoked a wave of speculative buying.

They also proved somewhat embarrassing to Mrs Thatcher who returned from Washington yesterday after trying to impress on Mr Reagan the difficulties posed by the dollar's strength for European governments.

The pound, however, suffered less than the Deutsche Mark, which has borne the brunt of the dollar's climb in recent days.

The U.S. currency closed yesterday at DM 3.5870, up 3.1 pence from Thursday, and 12 pence higher than at the start of the week.

Sterling lost 0.5 cents to end the day at a record low of \$1.0770 and was 2.6 cents lower on the week but it registered further gains against most other currencies. The sterling index's 0.2 point fall to 71.5 was thus a reflection of dollar strength.

The dollar's rise did, however, push up sterling interest rates, with the key three-month interbank rate now at over 14 per cent. This indicates that there is no prospect of an early fall in the banks' base rates.

Some City brokers suggested that if the dollar continued to climb at such a rapid rate it would bring renewed upward pressure on borrowing costs.

The dollar also swept to record highs against the French franc, Italian lira and a host of smaller currencies.

Earlier in the week it had been boosted by the testimony of Mr Paul Volcker, Chairman of the Federal Reserve Board, to the U.S. Congress, which was taken as evidence that the next move in U.S. interest rates might well be upwards.

The coincidence of Mr Reagan's remarks and Mrs Thatcher's return to London was seized upon by Opposition leaders as indicating that her Washington talks had been a failure.

Mr Roy Hattersley, the shadow Chancellor, said that the Prime Minister had come away "totally empty-handed." President Reagan had "made it brutally clear that he does not intend to halt the British economy."

The response from Downing Street was that the President and Mrs Thatcher were in full agreement that the best way to tackle the problem of the dollar was to cut the U.S. budget deficit.

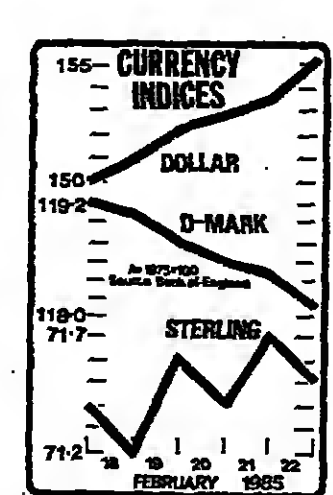
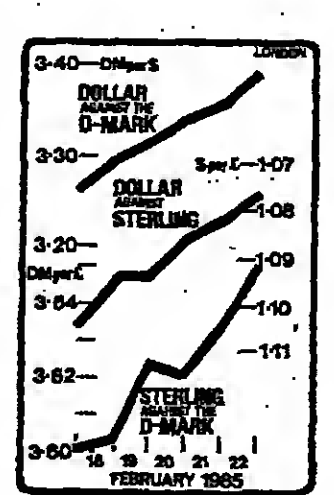
Elsewhere in Whitehall, however, officials were privately conceding that Mr Reagan's comments were "less than helpful."

Central banks yesterday remained on the sidelines as the dollar rose, leading some dealers to suggest that, for the time being at least, the banks have given up hope of halting the trend.

Others suggested that, after such a rapid climb, the U.S. currency could be vulnerable to central bank dollar sales, particularly by the West German Bundesbank, although the underlying trend was likely to remain upwards.

Some dealers also believe that profit-taking could produce a temporary setback for the dollar next week.

Volcker sent chill down Wall St, Page 18; Thatcher's special relationship, Page 19; Money market, Page 23; Retail prices up, Back Page



Citicorp bids £7m for broker to the Bank

By David Lasceller, Banking Correspondent

CITICORP of New York emerged yesterday as the mystery bidder for Secombe, Marshall & Campion, the UK discount house which acts as the Bank of England's broker in the money markets.

In a dramatic deal, which challenges many City conventions and is typical of the aggressively managed U.S. bank, Citicorp has agreed to pay £7m for Secombe, whose shares are quoted on the London Stock Exchange.

Citicorp's deal has the Bank of England's approval and is historic even by the standards of the big changes already sweeping the City.

It will make Citicorp the first bank, UK or foreign, to own a UK discount house. As such, it signals a major shift in the Bank of England's policy of separating discount houses from banks to preserve the integrity of the discount market.

The view in the City last night was that further bank-discount house acquisitions must be in the offing.

The deal also ends the 60-year relationship between the Bank and Secombes and means that the Bank will have to make its own arrangements for dealing in the money markets, through which it supplies liquidity to the British banking system. The Bank expects to establish its own dealing room this year. The target for the takeover is January 1, 1986.

Secombes, smallest of the publicly quoted discount houses, said on Wednesday that it had received an offer from an unidentified bidder. The revelation that it was Citicorp came as a surprise.

The U.S. bank is offering 440p a share in cash or loan notes. Secombes's shares closed last night at 410p, an increase of 20p, having earlier reached 425p. The £7m price represents a substantial premium of nearly 50 per cent over Secombes' net asset value.

The bid is being made through Citicorp International Bank Limited (CIBL), Citicorp's London merchant banking arm, which already plans to buy two UK stockbroking firms, Vickers de Costa and Scrimgeour Kemp. Continued on Back Page

Miners in surge back, says NCB

BY JOHN LLOYD AND ROBIN REEVES

THE National Coal Board claimed a sharp surge in the numbers of "new faces" returning to the pits yesterday as the three national officials of the National Union of Mineworkers sought an audience with the TUC "inner cabinet" on Monday.

The numbers returning to work yesterday reached 443, five times more than last Friday and the best figure for a Friday since mid-November. It sent soaring the NCB's hopes of getting a massive return on Monday and brought the number of working miners to 87,000 out of the NUM membership of 188,000. The number of miners returning over the past week was 2,177.

Mr Peter Walker, the Energy Secretary, said miners were already "taking the only sane decision" by returning to work. The day had marked not only a high return to work but "a week in which more coal will have been delivered to Britain's power stations than in any week since the dispute started."

The request for a meeting with the TUC's finance and general purposes committee from the NUM's three national officials, Mr Arthur Scargill, the president, Mr Peter Heathfield, the general secretary, and Mr Mick McGahey, the vice-president, came on Thursday night, and was made public by the TUC yesterday.

The TUC said the NUM had given no reason for the meeting. Senior leaders of the TUC, especially those who formed the seven-man liaison group, remained angry yesterday over the NUM's rejection of the modified settlement document which the TUC had succeeded in negotiating with the NCB. They were especially angered by Mr Scargill's characterisation of the new proposals as "100 per cent worse."

The committee, besides listening to what the NUM officials have to say, will hear a report from Mr Norman Willis, TUC general secretary, on the TUC's efforts for the miners, and will then endorse a report for the general council next Wednesday.

The dominant mood among TUC leaders remains that the TUC could and should do no more for the NUM.

Mr Scargill, Mr Heathfield and Mr McGahey will speak in London tomorrow at a rally organised by the TUC's south-east region.

Two NUM areas - South Wales and Durham - yesterday reaffirmed their support for the strike. In South Wales, the most solid area, 600 delegates representing the coalfield's 19,500 mineworkers, also voted not to return to work without first securing an amnesty for miners sacked by the NCB for various proved or alleged offences.

The one pit delegation to vote against the decision - believed to be Celynau South, in Gwent - had called for talks to be resumed. The pit meets today to discuss a possible concerted return to work.

Mr Emyr Williams, the South Wales president, acknowledged after the meeting in Bridgend that the decision would not be popular throughout the coalfield. "Obviously we will face problems, but that is what leadership is all about," he said.

"Peter Walker has said there will be no more talks on about 10 occasions. Even Norman Willis said on three occasions this week that the NCB document was fixed in concrete. But we found it could be modified."

Mr Giles Shaw, a junior Home Office minister, said in a Commons written answer yesterday that police had made 9,555 arrests in connection with the strike and that 1,995 policemen had been injured.

Dr Paul Glover, NCB's director general of staff, is to retire at the end of February, with plans to start his own personal advisory service. The board has invited him to assist with its residential training programmes.

Fallors' dummies dressed like miners have been carried on buses taking pitmen to work at a Co Durham colliery, the NUM claimed yesterday, but the board dismissed the reports as "rubbish."

Mr Ross Forbes Dprham NUM press officer, the union had two eyewitness accounts of men unloading dummies near Vane Tempest colliery near Seaham. The models were dressed in donkey jackets and flat caps and were taken from buses with reinforced windings into an NCB storage building.

Coal blockade, Page 4; Scargill's spell, Page 19

Delay for BA's Laker settlement

BY DUNCAN CAMPBELL-SMITH

BRITISH AIRWAYS has been forced to delay its long-awaited settlement with the airline's former chairman, Mr Freddie Laker, until next week.

The airline had hoped by the end of this week to reach agreement in principle with all the creditors left out of pocket after the 1982 collapse of Laker Airways.

However, Export - Import Bank of the U.S., the largest of the creditors, has made clear that the terms of a deal put to it last week still fall well short of being acceptable. It is the only creditor yet to accept at least the broad outline of the settlement proposed by BA.

The creditors have been offered financial compensation in exchange for an end to the \$1,050m (£975m) U.S. civil anti-trust suit. This has been brought against BA and nine other international airlines.

Exim's negative response, given at the start of the week, prompted another meeting in Washington on Wednesday between Mr William Draper, Exim's chairman, and Mr Colin Marshall, BA's chief executive, who was accompanied by the airline's lawyers.

Yesterday, BA was reviewing an amended version of the terms, which it plans to submit to Exim early next week. Meanwhile, options arranged by BA for it to buy the debts of Laker's trade creditors were due to expire on February 28. These are being hastily adjusted.

At least three objections are thought to be deterring Exim from toeing the general line accepted by the rest of the creditors:

● The size of the proposed settlement. Exim is owed \$30m in principal payments and about \$40m of interest in arrears. BA's ideas are believed to offer Exim only a percentage of the \$30m, leaving Exim to write off the interest and some more.

● The embarrassment of a big write-off. Exim has never written off a loan in the private sector remotely comparable with the Laker financing.

● The principle of a repayment to Sir Freddie Laker. Exim is known to share the view of several big creditors that, since his status as shareholder in Laker Airways' parent does not entitle him to any legal pay ahead of the creditors, Sir Freddie should not receive a penny by any informal arrangement.

Exim itself has declined to comment on its talks with BA. But some other parties to the U.S. litigation are privately expressing considerable pessimism about the chances of shifting the bank's position.

BA stressed yesterday, however, that it remained quietly confident. The airline appears to be setting some store by the Government's enthusiasm for privatisation and its own political lobbying skills. Lord King, BA's chairman, was in Washington on a private visit this week, but the scope, if any, for political influence over Exim is far from clear.

Two of the existing refined product carriers will go under the Bahamas flag and be managed under contract by a Far East company.

This will save an estimated \$800,000 a year. Another of the product carriers - BP has 17 altogether - will be sold. Each ship has a crew of about 30.

BP said no jobs would be lost among its 1,900 staff at sea. But they have been told to expect a gradual move from bulk tanker shipping to offshore service and support ships.

The group is adding three ships to its medium-sized tanker fleet. One, renamed BP Energy from the Libra, has been bought. All will be under the Bahamas flag, but with BP crews. The moves do not involve BP's remaining eight very large crude carriers.

The Bahamas registration of the three extra ships will save a total of £1.5m in initial registration costs. Putting ships under the UK flag involves extensive modifications to conform to regulations.

BP said none of the savings on the Bahamas flag would affect safety. The ships could also be returned to British-flag operation in time of war or other emergency.

MARKETS

DOLLAR
New York lunchtime:
DM 3.5825
FFr 10.5595
SwFr 2.85575
Y262.9
London:
DM 3.587 (3.556)
FFr 10.57 (10.5625)
SwFr 2.8565 (2.827)
Dollar Index 155.1 (153.3)
Tokyo close Y262.35

U.S. LUNCHEON RATES
Fed Funds 6 1/4%
3-month Treasury Bills: 8.4%
Long Bond: 9 1/4%
yield: 11.73

GOLD
New York: Comex Feb latest \$389.5
London: \$399 (299.25)
Chief price changes yesterday, Back Page

STERLING
New York lunchtime \$1.0765
London: \$1.077 (1.083)
DM 3.580 (3.623)
FFr 11.165 (11.110)
SwFr 3.08 (3.0635)
Y262.25 (same)
Sterling Index 71.5 (71.7)

LONDON MONEY
3-month interbank: closing rate 14 1/4% (13 1/4%)
3-month eligible bills: buying rate 13 1/4% (13 1/4%)

STOCK INDICES
FT Ord 975.2 (-9.7)
FT-A All Share 611.11 (0.6%)
FT-SE 100 1268.9 (-10.2)
FT-A long gilt yield index: High coupon 10.89 (10.82)
New York lunchtime:
DJ Ind Av 1,275.95 (-3.09)
Tokyo:
Nikkei Dow 12,147.06 (+18.60)
Chief price changes yesterday, Back Page

BP opts for flag of convenience

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH PETROLEUM, Britain's biggest oil company, is putting part of its tanker fleet under flag of convenience for the first time. It will use foreign crews on two vessels to save on UK manning and fleet costs.

The move, announced yesterday, is aimed at making BP Shipping profitable. The company has cut its fleet in recent years after large financial losses. BP also announced plans to add several ships to its fleet, which comprises crude oil and oil product carriers and offshore vessels.

To save on British crew costs, two of the existing refined product carriers will go under the Bahamas flag and be managed under contract by a Far East company.

This will save an estimated \$800,000 a year. Another of the product carriers - BP has 17 altogether - will be sold. Each ship has a crew of about 30.

BP said no jobs would be lost among its 1,900 staff at sea. But they have been told to expect a gradual move from bulk tanker shipping to offshore service and support ships.

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Fidelity INTERNATIONAL

Irish birth control Bill set to cause dismay in Rome

BY JAMES BUXTON IN ROME

THIS WEEK'S decision of the Irish Parliament to defy the country's Roman Catholic hierarchy and approve a measure permitting some forms of birth control will have been viewed with dismay by Pope John Paul II.

Quite apart from the fact that the encyclical *Humanae Vitae* of 1968—issued by his predecessor Pope Paul VI—banned contraception, the Pope has made the preservation and sanctity of family life one of the key issues in his battle to correct the course of a Catholic Church which he feels has become doctrinally lax.

In Ireland the Bill presented by Dr Garret Fitzgerald's Government which liberalises the sale of non-medical contraceptives was even more exposed by Dr Kevin McNamara, the Archbishop of Dublin, one of several conservative bishops who the present Pope has

DR DERMOT RYAN, who died of a heart attack at the age of 60 on Thursday, was the only Irishman to head a Department of State in the Vatican in the 1,500-year history of the Irish Church. His appointment to what is in effect the No. 3 post in the Catholic Church was seen as proof of Pope John Paul II's special interest in Ireland.

The theory runs that the Pope sees parallels between

appointed and who share many of his convictions. Others favoured by the Pope include recently Boston, Detroit, Brasília, St. Petersburg, the highest diocese in Holland and more. In many cases the appointment dismayed members of the clergy and congregations. The recently appointed

the conservatism, piety and even the political struggles of the Irish Church and his own native Poland. Dr Ryan was the major conservative figure in the Irish hierarchy in his 12-year period as Archbishop of Dublin, and Rome overruled local preferences in choosing another conservative, Dr Kevin McNamara, to succeed him.

Even so, recent reports suggested that Dr Ryan in Rome was showing a more sympathetic attitude to the

bishops are inclined to be more interested in questions of theology and doctrine than their predecessors who concentrated more on pastoral matters.

The Pope's priority seems to be to change the direction of the Church through the bishops. Pope John Paul is deeply concerned that the Church is

problem of the Church in the third-world countries, particularly Latin America, then some other senior churchman or, indeed, the Pope himself. His job of overseeing the Church's worldwide missionary activities is so powerful that the incumbent is known as the "Red Pope." Ironically, Dr Ryan, only six months in the job, never had a chance to don the cardinal's red.

There is no doubt that, like most Irish bishops, he shared

of all, has used his visits to Latin America and other parts of the Third World to campaign vigorously against "liberation theology," a blend of Catholicism and Marxism, and against the participation in politics by priests, especially in Nicaragua. Recently the West German Cardinal Joseph Ratzinger, whom the Pope appointed head

of the Vatican Congregation for the Doctrine of the Faith (the successor to the Inquisition), sharply criticised the current attitudes of Catholic churches almost everywhere — except in Eastern Europe. He said that the era which began with Vatican Council II in 1962 to 1965 was "definitely unfavourable to the Catholic Church."

They therefore look with some apprehension to the Pope's recent decision to call a special Synod of bishops in Rome in November. The Pope himself said that the Synod would be held to "deepen the understanding" of that Council "in the light of new needs."

Liberalism — the Church, alarmed for example by the Pope's decision last autumn to permit the Mass once again to be said in Latin under certain conditions, a reversal of a Vatican II decision, believe that Pope John Paul wants to roll back other reforms.

The Pope's decision to call a special Synod of bishops in Rome in November. The Pope himself said that the Synod would be held to "deepen the understanding" of that Council "in the light of new needs."



The Pope — a blow to his new orthodoxy

Minister's resignation hits Austrian coalition

By Patrick Blum in Vienna

AUSTRIA'S beleaguered coalition government suffered another blow yesterday with the resignation of Herr Karl Seikanina, the Social Minister for Construction, after press allegations of financial misconduct.

Herr Seikanina offered his resignation to Chancellor Fred Sinowatz, also a Socialist, who promptly accepted. Earlier in the week Herr Seikanina resigned as leader of the metalworkers' union, one of Austria's most powerful unions. Karl Seikanina is alleged to have used Sch 400,000 (£15,600) from union funds to buy a car for his stepson. He is also alleged to have bought a villa in Hietzing, Vienna's fashionable 13th district, for Sch 1m, well below the estimated market price of Sch 1.1m from a company which it is claimed usually handles building contracts for the Ministry.

Herr Seikanina denies both claims and said he had done nothing underhand. He said yesterday that he was the victim of a campaign against him, that he only borrowed the money from his union for four months to buy the car and that there was nothing unusual in this.

He said he told Chancellor Sinowatz that he could disprove the allegations, but had decided to resign because he did not wish to cause the Government embarrassment.

In a short statement announcing the minister's resignation, Chancellor Sinowatz said yesterday: "I cannot test whether the rumours concerning Herr Seikanina are true or not, but the fact that they exist would be a burden for the work of the Government and that is the reason why I have accepted his resignation."

This is another damaging blow for the Government, which has lately stumbled from political row to political row. It comes less than two months after the Government's embarrassing retreat over the building of the Hainburg power plant in December and another row a few weeks later over the Defence Minister's action in ordering a war criminal and former SS officer on his return to Austria after his release from an Italian jail. There is growing speculation here that the Government will not stay the course to complete its term of office until the next general elections due in 1987.

Turkey protests to Bulgaria

Turkey yesterday issued a protest note to the Bulgarian Ambassador in Ankara over Bulgaria's treatment of its large Turkish minority. David Baruch writes from Ankara. The note is believed to indicate that Turkey disbelieves recent Bulgarian denials that ethnic Turks have been killed and injured while resisting official efforts to Slavise their names. It calls on the Bulgarian authorities to take urgent steps to remedy the situation.

South Africa closes nuclear power station

South Africa's only nuclear power station, Koeberg, has been taken out of service while engineers investigate faults in the station's stainless steel pipework. Jim Jones writes from Johannesburg. Koeberg, about 80 miles along the coast from Cape Town, has two pressurised water reactors and was built by Framatome, the French nuclear company. The station was closed down on Thursday after a routine inspection of the No. 2 reactor surface faults. Koeberg has been in operation since February 1984 when the No. 1 reactor began generating power.

Black opposition leader arrested

The round of arrests of black opposition and trade union leaders continued yesterday in South Africa with the detention of Mr Thuzama Gqweta, a leader of the South African Allied Workers' Union, on charges of treason. Jim Jones writes from Johannesburg. Mr Gqweta joins three other SAUW leaders and four leaders of the United Democratic Front who were detained earlier this week and who are due to appear in court on March 27. The arrests have given rise to nationwide protests.

Israel rejects call to speed pullout

BY LYNN RICHARDSON IN TEL AVIV

Israeli Prime Minister, yesterday rejected calls for a speedier withdrawal of Israeli forces from Lebanon, in the face of constant attacks on the occupying troops.

"We are not going to run away unnecessarily, just because we are being attacked," he said, Mr Peres was speaking on his return from Italy and Romania.

Israeli troops came under attack in three separate incidents in Southern Lebanon yesterday but suffered no casualties. Senior Israeli army

officers claimed that recent punitive attacks against the predominantly Shiite villages in the occupied sector of Lebanon have been effective.

Israeli forces have adopted a tough line of action with raids resulting in some deaths of local residents. Several dozen villagers have been expelled from the region and many others taken prisoner.

Just a few hours before the Prime Minister returned to Israel, price increases of 25 per cent on basic foodstuffs were announced together with

an 11 per cent hike in fuel prices.

The increases brought a storm of protest from the Histadrut trade union federation, and the Manufacturers Association, both represented in the three-sided pact with the Government aimed at holding down prices and wages during the coming months.

Richard Johns adds from Beirut: Increased Israeli repression of the population of South Lebanon and policy of reprisals will only intensify guerrilla ambushes and attacks against

the occupying troops, a Shiite leader warned yesterday.

Mr Akel Haydar, chairman of the Politbureau of the radical Shiite movement, Amal, said: "Israel should know that the resistance in the south feeds on Israel's violence and crime, strengthening the resistance not weakening it."

In an interview yesterday Mr Timur Goksel, Unifil's spokesman at Nakoura, expressed the view that Israel's iron-fisted policy would probably prove counter-productive in terms of increasing resistance.

France set to ease exchange controls

By David Marsh in Paris

THE PROSPECT of a further loosening of French exchange controls, centred on an easing of constraints on companies buying foreign exchange to cover import purchases, has been held out by M Daniel Lebeque, the director of the French Treasury.

Speaking at a foreign exchange conference in Lyons yesterday, M Lebeque said relaxation measures would be taken "very shortly" to allow companies a better chance of managing foreign exchange risks.

French Finance Ministry officials said such a step would go in the direction of liberalisation of controls free, quarterly advocated to repeat months by M Pierre Berezorov, the Finance Minister. But they stressed no decision had yet been taken.

French companies, which are at present forbidden to buy foreign exchange on the forward market to cover needs for import purchases, have been lobbying the Finance Ministry to allow such transactions.

Bankers say an increasing number of larger firms which need to purchase raw materials abroad — many of them in the nationalised sector — are now being given more flexibility in managing their foreign exchange position.

These groups still, however, have to keep their overall foreign exchange position within limits set by the Treasury.

The Finance Ministry is not ready to take a softer line over exchange controls because of the franc's steady performance against European currencies, the large rise in foreign exchange reserves and the return to near-equilibrium in the country's balance of payments.

Damaging censure debate for Hawke

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, Australia's right wing Labor Prime Minister, was lambasted by Mr Andrew Peacock, Opposition leader, during a censure debate in Canberra yesterday that cruelly exposed Mr Hawke's loss of authority.

Mr Hawke's shrill and abrasive performance in parliament left many government backbenchers glum and disappointed.

The censure motion, which was defeated along party lines, harshly criticised Mr Hawke's recent about-face in breaking a commitment that Australia would provide logistical support for monitoring U.S. MX missile tests in the South Pacific.

Mr Peacock said Mr Hawke's action had "damaged Australia's credibility as a reliable ally, undermined our security and humiliated Australia."

Instead of offering strong leadership and confronting anti-American sentiments in his own

party, said Mr Peacock, the Prime Minister had "panicked and caved in to the left."

The revelation three weeks ago that Mr Hawke had agreed to co-operate in MX tests sparked a furore within the Australian Labor Party.

Mr Hawke said yesterday he was not ashamed he changed his mind. He said the MX tests were peripheral to Australia's defence alliance with the U.S., which Labor pledged to maintain.

Since gaining re-election last December 1, Mr Hawke has been plagued by accusations of personal arrogance and weak leadership, as well as charges that prospects for the economy are not as bright as painted in the election campaign.

Sir John Bjelke-Petersen, the Premier of Queensland, claimed the victory yesterday when a two-week-old strike by 1,400 electricity workers finally crumbled. Sir John is an arch-enemy of the Labor Government.

Lange tells Moscow to stay out of nuclear row

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S Prime Minister Mr David Lange yesterday delivered a stinging rebuke to the Soviet Union for its attempts to widen the breach between New Zealand and the U.S. caused by New Zealand's ban on nuclear warships.

Mr Lange summoned Mr Vladimir Bykov, the Soviet ambassador to his office and told him that he was tired of New Zealand's nuclear policy being constantly misreported and misinterpreted in the Soviet Union. New Zealand was not to be used as ammunition in an anti-U.S. campaign by the Soviet Union, he said.

Mr Lange said the Soviet Union must not interpret recent developments in New Zealand foreign policy as being anti-

American. Despite the differences over the nuclear warship ban New Zealand remained staunchly pro-U.S. and pro-Anzus, said Mr Lange.

Mr Lange's forthright comments to the Soviets were obviously made with one eye on Washington in an effort to thaw some of the continuing coldness in the American attitude to New Zealand before he leaves for the U.S. and London on Monday.

Mr Lange yesterday also answered critics of New Zealand's anti-nuclear policy. It was wrong for critics to claim New Zealand wanted to enjoy the benefits of Anzus without meeting the commitments. Anzus was a conventional weapon alliance, not a nuclear one.

Martens to visit Britain

The EEC's financial problems and the membership of Spain and Portugal will figure largely on the agenda of talks to be held on March 2 between Mrs Margaret Thatcher, the Prime Minister and Mr Wilfried Martens, the Belgian Prime Minister, writes Paul Cheeswright in Brussels.

The British Government has invited Mr Martens to London as part of its policy of shoring up relations with continental Europe. The visit, announced from Downing Street yesterday, follows similar talks held with the Netherlands Government three weeks ago.

Mr Martens, who will be accompanied by Mr Leo Tindemans, the Foreign Minister, will visit London at a time of growing disquiet in Belgium over the timing of cruise missile deployment at Florence, south of Brussels. NATO strategy is also expected to come up in the talks. But by the time of his visit, the Belgian Government may have decided to start cruise deployment.

Mitterrand rejects charges of soft line on terrorism

BY PAUL BETTS IN PARIS

PRESIDENT Francois Mitterrand yesterday rejected accusations that France was a cradle for terrorists and adopted a lax approach to terrorism.

The French President made these remarks after a working lunch with Sig Bettino Craxi, the Italian Prime Minister, who arrived yesterday from Bonn.

Relations between France and Italy have been strained in recent weeks following a series of statements by leading Italian figures accusing France of sheltering terrorists. Sig Giovanni Spadolini, the Italian Defence Minister, accused France last month of "housing a multinational of terrorism."

Italy has also asked the French authorities to extradite a large number of Italians accused of links with terrorist movements. President Mitterrand used Sig Craxi's short visit to renew the official French position on extradition, stating that only presumed terrorists accused of murders and other crimes causing death or injury

would be extradited or expelled. However, he insisted that France adopted a tough line against terrorism and that he had never accepted any compromise with terrorists.

About 300 Italian terrorists have taken refuge in France in recent years and many have integrated themselves in the country. President Mitterrand indicated yesterday that France would not extradite members of this small Italian community who had abandoned their extremist activities and were not connected with major crimes. Rupert Cornwell writes from Bonn. West Germany and Italy yesterday kept their options studiously open on whether Western Europe would participate in the controversial U.S. Strategic Defence Initiative for a space-based anti-nuclear missile screen.

This emerged after a meeting here between Chancellor Helmut Kohl and Sig Bettino Craxi, the Italian Prime Minister, whose country holds the EEC presidency.

Spain to sign natural gas deal with Algeria

BY DAVID WHITE IN MADRID

SPAIN AND Algeria are set to end their long-running row over natural gas supplies.

Sr Fernando Moran, Spain's Foreign Minister, plans to fly to Algiers today to sign a new agreement, the ministry said yesterday. It said all the essential details of an accord had been agreed.

The row broke out when the price paid by Spain for Algerian gas came up for revision two years ago. Algeria claimed back payment for the gas which Spain had contracted to buy but not taken.

A long stalemate over price and quantity provoked Algerian trade reprisals which hit Spanish contractors involved in dams and other projects.

The deal commits Spain to paying the same sort of price that France and Italy pay for Algerian gas. This is currently around \$3.80 per million British thermal units, against the \$3 which Spain has been paying.

Spain is also to pay compensation for not fulfilling its "take or pay" clause in the past, but has succeeded in lowering its future annual commitments.

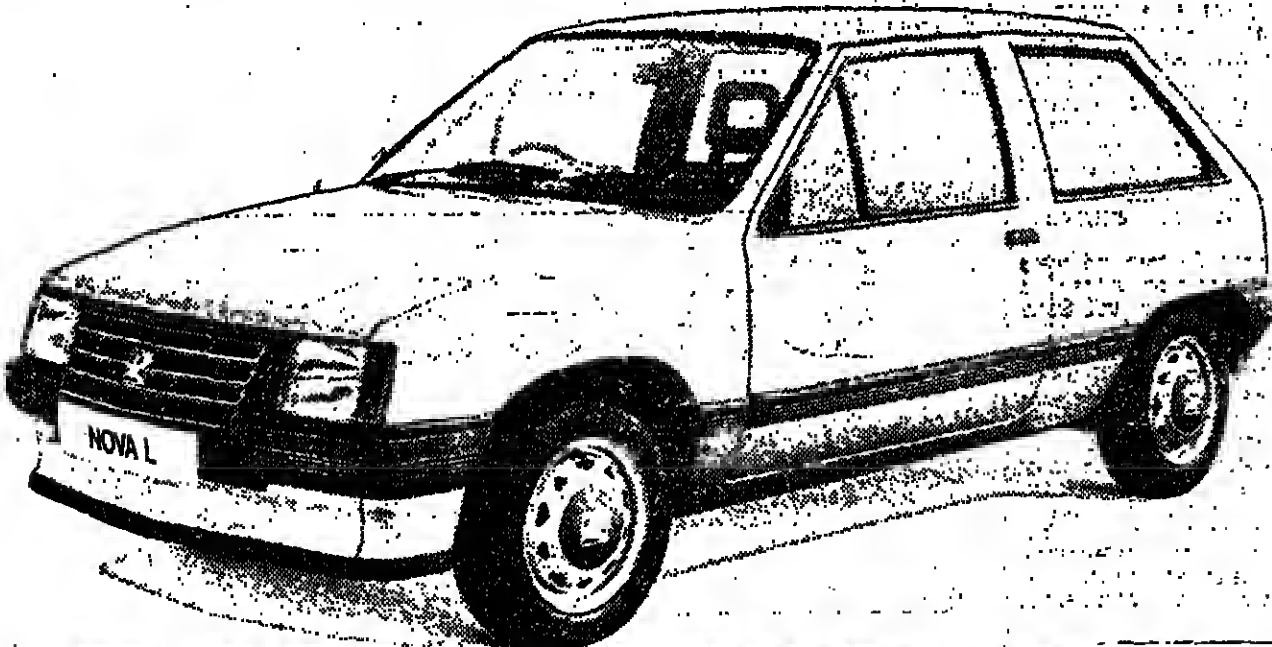
The amount of compensation has not been disclosed but it is believed to be more than \$110m.

According to industry experts the agreement will give Spain an extra 10-year period to take the gas it agreed to buy in a 15-year contract in 1975.

Over this longer period the level of annual purchases will be 3.2bn cubic metres instead of 4.5bn. Algeria will not insist on this volume being reached until after a transition period of two or three years. The Spanish state gas com-

pany Enagas has been taking only about one third of the amount originally contracted. Industry experts say the level is now around 2bn cubic metres a year and that the Madrid Government is expected to subsidise prices and promote wider use of natural gas in homes and industry.

FINANCIAL TIMES, USPS No. 59086, published daily except Sundays and holidays. U.S. subscription prices: \$420.00 per annum. Second class postage paid at New York, NY and additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 E. 57th Street, New York, NY 10022.



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Pirates 'rob software industry of £150m'

By Ivor Owen

COPYRIGHT pirates acting on a commercial basis are estimated to have robbed Britain's computer software industry of £150m last year through lost sales and royalties, MPs were told yesterday.

The House of Commons gave an unopposed second reading to the Copyright (Computer Software) Amendment Bill, a private member's measure, designed to give the industry's products the same copyright protection as that accorded to literary works.

The Bill is virtually certain to reach the statute book and, by removing the uncertainty about the present state of the law, is expected to result in a striking increase in the number of successful civil court actions initiated by companies defending copyright.

Where piracy persists on a commercial scale through what Mr. William Powell, chief sponsor of the Bill, described as the activities of the "heavy criminal network," those tried on indictment will face unlimited fines and/or up to two years imprisonment.

He said that products of all sections of the computer software industry, from sophisticated commercial and business systems costing more than £1m to the smallest computer game, were being subjected to unauthorised copying. Last year the total lost through piracy was £150m, he said.

One multinational software house believed that between 10-20 per cent of the users of its products were unauthorised. With the result that it was having to spend £1m a year in trying to secure protection of its copyright through technological means.

MPs of all parties supported the Bill and Mr John Batcher, Under-Secretary for Industry, hoped that the speedy implementation of its provisions would remove the "real threat" facing the British software industry through what was best described as the theft of intellectual property.

Sharp fall in North Sea oil prices

By Dominic Lawson

NORTH SEA oil prices registered sharp falls yesterday, the first marked weakening seen since the Organisation of Petroleum Exporting Countries set up a new pricing structure in Geneva on January 30.

April shipments of Brent crude, the UK price marker, were quoted at \$26.90 a barrel, down 55c from the best levels on Thursday. Britoil sold a May cargo of Brent at \$26.45 a barrel, much lower than Thursday's trading level of \$26.80, and even further below the UK official price of \$28.65.

Traders attributed the weakness mainly to the expected arrival of the market of considerable quantities of Iranian crude. Iran has stepped up its production considerably since the Opec meeting. The spot price for Iranian crude also weakened yesterday.

Esso, which vies with Shell for leadership of the UK petrol market is to increase the price of its four star petrol by 2.7p to 194.6p from the start of business today.

Losses reach £14m at Bridgewater mill

THE BRIDGEWATER newsprint mill at Ellesmere Port in Cheshire lost £14m after tax last year, according to its Canadian owner, Consolidated Bathurst. Losses above the line were £23.5m, made up of £15.9m in operating losses and £7.6m in start-up costs.

The mill, bought from UK paper group, Bowater, and opened in 1983 at a cost of about £50m, has suffered from the strength of the dollar, in which newsprint pulp is priced. To date, the Bridgewater mill has taken about 70 per cent of its raw materials as pulp from Canada, with the rest made up from local waste paper.

NHS drug cuts 'will achieve only half intended saving'

By Carla Rapoport

THE GOVERNMENT'S plans to restrict the number of drugs available under the NHS will achieve little more than half the intended savings, according to drug industry executives.

According to Mr Norman Fowler, Secretary for Social Services, the Government must reap savings of £75m a year by restricting drug sales on the NHS for a number of minor ailments. Industry executives, however, say the savings will be £30m-£45m a year.

Mr Fowler this week announced a modified plan for restricting drug sales under the NHS following fierce criticism of his initial proposals aimed at saving £100m a year.

The modified list rebuffed the number of drugs which will be available from NHS doctors from April 1 for ailments ranging from flu to anxiety.

Mr Fowler also released an extensive "blacklist" of drugs

which will no longer be available from the NHS after April. This list, however, contains a number of products—such as alprazolam and Dr William's Pink Pills—which do not account for a significant proportion of NHS drug sales.

Many UK drug companies were breathing a bit easier yesterday after the publication of the new lists. Most said they doubted that the Government could save anywhere near £75m. Wyeth International, a division of American Home Products, said: "The modified list will have a major effect on a major part of our business, but we are a lot better off than we were two days ago when we were looking at the prospect of having no business in the UK."

The country's bestselling pain reliever, Distalgic, made by Eli Lilly, is on the blacklist. Its sales are not likely to be severely hurt in the short term, however, because no direct

generic equivalent exists. If doctors write a prescription for the chemical equivalent of Distalgic, their patients will get the Lilly product. NHS doctors will not be able to write a prescription for Distalgic by name, however.

Dr John Griffin, director of the Association of the British Pharmaceutical Industry said yesterday: "It's a pig's ear." He estimated that the Government would save only £20m-£25m on the modified list.

Referring to Distalgic, Mr Potor Lamoey of the APBI said: "You've got cases where the patient can dispense it, but doctors can't write a prescription for it."

"You can't increase your allowable list of drugs by more than 200 per cent and have your savings decrease by only 25 per cent."

The Government could still increase its level of savings in

two ways. One would be to increase the therapeutic areas covered by the limited list of drugs. A number of companies said that the new blacklist already included some drugs which did not fall into any of the seven categories of minor illnesses covered by the restricted list. These extra drugs include Nicorette, the anti-smoking aid; Mucosol, which clears mucus in the respiratory tract; Optimax, an anti-depressant; and a number of skin care products.

The Government could claw back extra savings through its Pharmaceutical Price Regulation Scheme which monitors the amount of profits companies make on their NHS sales.

This would affect those companies who stand to benefit from the restricted list. Most believe that NHS doctors will not reduce the number of prescriptions they write because of the new restrictions but will merely

switch patients to the allowable products. The manufacturers of these products will become mini-monopolies," according to Dr Griffin, thus earning higher-than-average profits. The Government may seek to recoup these profits through tightening the PPRS.

David Lascelles examines the implications of the bid by America's largest bank for Secombe, Marshall & Campion

Citicorp brings financial revolution to the discount market

Broker to the Bank decides to travel first class

Mr David Campion, chairman of Secombe, Marshall & Campion, explaining the move said that "we had to get bigger if we were to survive," reports John Moore, City Correspondent.

Citicorp had approached his company last September and the talks "became serious in November." We have not rushed into this as an awful lot of others have. We decided that if we were to travel we would travel first class.

Secombe, Marshall, although the smallest of the remaining independent discount houses, has occupied a unique role in the money markets as broker

to the Bank of England in the discount market.

Secombe has been effectively the eyes and ears of the bank in identifying shortages and surpluses in the money market since 1922 and it alerts the Bank on the latest positions.

In the last report and accounts for 1984, Mr Campion said that whatever happened in the financial services revolution, "I am sure there will be room for the small specialist among the giants... We see our future role as being continuous market-makers in short term instruments which we have fulfilled since

our foundation in 1922."

But, times had changed, said Mr Campion yesterday, and Secombe decided that it could no longer continue as an independent entity.

Secombe's role as the Bank's broker in the discount market is to come to an end by January 1, 1985, when conduct of money market operations is to be transferred to a dealing room within the Bank.

But no staff of Secombe are to move; across to the Bank, unlike the situation at Wulfsberg, the Government's broker in the gilt-edged mar-

ket, which merged with Mercury Securities.

Absorption by Citicorp of Secombe reduces further the number of independent discount houses operating in London.

In 1980 there were 11 independent discount houses; now there are just six.

Since 1980 Allen Harvey and Ross has merged with Cater Kyder to form Cater Allen.

Jessel Toynebee merged with Gillett Bros. In the last year, Mercantile House, the international financial services group, has acquired Alexander, and Jessel Toynebee and Gillett.

to the market. With \$150bn in assets, the acquisition cost of £7m (though a premium of 40 per cent to net asset value) is peanuts to Citicorp, which intends to give Secombe a big capital boost next year.

Significantly, the deal will give Citicorp a broader presence in the UK financial markets than any British bank has ever had. Through its proposed alliances with stockbrokers Vickers de Costa and Scrimgeour Kemp-Cooe it already has an entry into the equity and gilt markets. This fact alone should prod the UK banks to react.

Secombe will come under Citicorp International Bank Ltd (CIBL), the bank's UK merchant banking operation, which means it will be separate from Citibank Savings, its UK clearing bank.

Arrangements for the transfer of the Bank of England's broking business should be complete by the end of this year, and Citicorp will leave Secombe's business alone until then. The bank is already preparing its own dealing room to handle its gilt-edged business, and the discount operation will be put in there too.

Guide gives warning to banks on computer risks

By David Lascelles, Banking Correspondent

THE BANK OF England has sent a special guide on the risks associated with using computers in banking to each of the 600 banks and deposit-takers operating in the UK.

The Bank is stressing that the dispatch of the guide is not a sign of sudden concern about computer security or the result of some recent, unpublished banking computer crisis, but an attempt to anticipate possible troubles.

The initiative arose from a conference of bank supervisors in 1983, when officials from several countries noted that advancing technology carried new risks of which banks and

their supervisors should be aware.

The guide is in three parts. The first is a detailed questionnaire which is supposed to help bank management assess the security and quality of their computer systems. The banks are not expected to return the completed questionnaire to the Bank. But the Bank may use it as the basis for discussions with them in the course of its prudential supervision.

The guide, which is in non-technical language, was prepared by Deloitte Haskins & Sells, the accounting firm which acts as the Bank of England's auditors. It opens with a warning to banks that deficiencies in their computer systems, "can pose a significant threat to achieving success."

It analyses the main risks associated with computers: poor development, errors, interruption, unauthorised disclosure and fraud. It also discusses various controls like prevention, containment, insurance, inspection and audit. But the guide states too that the questionnaire is not a substitute for a proper audit.

"Computer security and control procedures must form an integral part of the system of internal control within a bank," it says.

New Woolwich high-rate account

By Margaret Hughes

BUILDING SOCIETIES, hit by a sharp fall in the inflow of funds this month, seem set for a new interest rate battle in their bid to attract more deposits.

The Woolwich Building Society announced yesterday that it will launch an account which both provides instant access and pays more than the short-term notice accounts of its four main rivals.

The Prime Account will pay 9 per cent net of basic rate tax, equivalent to 12.86 per cent gross which will be paid annually.

A minimum investment of £500 is required to open the account, but investors will be able to make penalty-free withdrawals on demand.

This account will replace the Woolwich's 7-days notice account.

The account offers a better deal than the Leeds Liquid Gold, which has been the market leader of accounts offered by the five leading societies. The Leeds Gold pays 8.75 per cent net of basic rate tax on balance of between £500 and £2,500 after which it too pays 9 per cent net annually.

Yesterday the Woolwich's main rivals said that although they would continue to keep their rates under review, they had no immediate plans to raise their investment rates.

The £30,000 ceiling on holdings of building society accounts is expected to be dropped, possibly from the beginning of the next financial year. This would put building societies on a par with banks, which from April 6 will have to follow building societies practice of deducting tax at source at a composite rate (CRT) from depositors' income.

Warning to financial services groups

By John Moore, City Correspondent

NEWLY-CREATED financial conglomerates in the City could face restrictions if they do not take conflicts of interest seriously, Mr David Hopkinson, chairman of M & G Investment Management, the unit trust group, has told the Society of Investment Analysts.

Mr Hopkinson, commenting on the Government's White Paper for the reform of the regulatory system in the financial services community said the proposals contained in docu-

ment "with all its quagmire of quangoes and self-regulatory authorities, is only the preliminary skirmishing in a much larger battle that is to come."

He said that in the U.S. the situation was entirely different. "They have a different tradition of caveat emptor, of legal interference and of active involvement by Congress. These have all helped the U.S. to prevent the kind of conflicts of interest that arise when one institution is lending, giving corporate ad-

vice, underwriting, broking, market making in both equities and debt, managing funds and providing investment research all at the same time."

"I cannot forecast what is going to happen in this country but the White Paper is long on words and short on practicalities."

Mr Hopkinson said: "We may be seeing a decline in the power of the Bank of England as the Treasury and politicians batter away at its unwritten authority."

Motor insurance forecast to rise 6.5%

By Eric Short

AN AVERAGE increase of 6.5 per cent this year in motor premium rates by the 10 leading UK insurance companies is forecast by stockbrokers Rowe and Pitman in its annual review of UK Motor Insurance.

Even so, Rowe and Pitman expects underwriting losses on the motor accounts of these companies to rise further.

The review estimates that these 10 companies increased their motor premium rates by an average of 5.5 per cent in 1984. But because of the growing tendency of motorists to switch insurance companies

when a rate increase is made, companies only saw premium income rise by about 3.5 per cent.

This was too low to offset a 6 per cent increase in the number of claims and a 4 per cent rise in the average cost of a claim.

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This was too low to offset a 6 per cent increase in the number of claims and a 4 per cent rise in the average cost of a claim.

Structural steel demand up 16%

By Richard Tomkins

DEMAND for structural steel on the home market rose by 16 per cent to 808,000 tonnes last year, British Steel Corporation figures show. A further 7 per cent increase is forecast for this year.

Structural steel is used mainly for industrial and commercial building. Most of it consists of hot rolled sections made at British Steel's Teesside and Scunthorpe plants.

British Steel said the rise in demand for structural steel reflected a 23 per cent increase in the volume of industrial building last year, of which steel had an 85 per cent market share.

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NUT ordered to stop Solihull action

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE National Union of Teachers was yesterday ordered by a High Court judge to call off disruptive action short of a strike by teachers at schools in Solihull.

Mr Justice Warner said that Solihull Council had an arguable case that the union was unlawfully inducing breaches of the teachers' employment contracts. If an injunction was not granted until the issue could be ruled on at a full trial the council would suffer detriment, through the harm done to schoolchildren and their education.

The only effect of an injunction on the union would be that it would have to choose between taking its pay dispute with the council to arbitration, or holding a ballot under the 1984 Trade Union Act to try to legitimise its actions.

The judge ordered the disruption to be called off by noon on Monday.

Afterwards Mr Doug McAvey, the NUT's deputy secretary, said that the teachers would get ballot-forms on Monday. He was confident of winning the ballot.

Solihull was also granted an injunction ordering the National Association of Schoolmasters/Union of Women Teachers to call off a half-day strike of its members in Solihull due to take place—without the members having been balloted—on Tuesday. The NAS/UWT was not represented in court.

The Conservative-controlled Solihull council is the first local authority to take the unions to court over threats of strikes and other action called in protest against a 4 per cent pay offer for teachers in England and Wales.

NUT teachers in Solihull are refusing to cover for absent colleagues, to supervise and administer school dinners, to supervise lunchtime sport,

musical or dramatic events, or to attend staff and parent consultation meetings outside school hours.

The union argued that those functions were voluntary and not part of the teachers' contractual duties. For this reason the union was not inducing breaches of contract.

Solihull contended that the duties were either contractual or were performed by the teachers by custom and practice. The teachers should have been balloted on the action—as they had been on plans for a three-day strike.

Mr Alexander Irvine, QC, for Solihull, said that the teachers' action was causing considerable disruption in the schools. As a result of the action, which had begun on February 13, 6 children at 13 of the 18 secondary schools had been sent home and all schools had been affected in some way. He said that the council did

not accept that the strike ballot had been carried out in compliance with the 1984 Act.

Mr Andrew Hillier, for the NUT, said that Solihull could not seriously hope to win the trial on the issues concerning lunchtime supervision and out-of-hours meetings. He conceded, however, that the union would have a more difficult hurdle on the issue of covering for absent colleagues.

The judge said the NUT had argued that an injunction would not stop the disruption for more than a couple of days because there would be a ballot and a vote in favour of continuing the action.

That, the judge said, assumed that because the nine of Solihull's 90 or so schools which had been balloted on a strike had voted in favour, the same result would flow from a ballot on disruptive action.

"I am not prepared to make that assumption," he said.

Electricians 'will fight TUC' over ballot cash

By Our Labour Staff

THE ELECTRICIANS' union said yesterday it would resist in the courts any TUC attempt to expel it for using government money to finance postal ballots. The TUC General Council has warned the Electrical, Electronic, Telecommunications and Plumbing Union and the Amalgamated Union of Engineering Workers of disciplinary measures, leading to possible expulsion, if they accept government money for union postal ballots, in defiance of TUC policy.

Writing in Contact, the Electricians' Union journal, Mr Eric Hammond, general secretary, said: "We will not be cajoled, intimidated or bullied into submission."

"We will use every possible within the fold despite all our doubts about the TUC's effectiveness and ability to match the challenge of our times."

"We will use every possible forum to promote our case and will use the courts, in the last resort, if the movement denies us natural justice."

Those who seek to exclude us had better recognise the dangers if we fail in our efforts."

Mr Hammond admitted his union would face difficulties if outside the TUC. He also warned other unions that workers, "desperately unhappy at being steamrollered into militancy," might switch membership to his union.

He said: "It may be difficult, but it is not too late for the TUC to think again. It will be foolishly irresponsible not to do so."

Anyone would think the TUC had troubles enough "without needlessly courting fresh disaster."

The real issue was the authority of the TUC General Council, Mr Hammond said: "I told the TUC candidly and openly that our members elected our executive council to be responsible for the finance, and government of the EETPU—not the General Council."

"I asked whether the miners' union for instance, would bow to a TUC decision that its activities, its dispute, were detrimental to the trade union movement's interest."

"The miners would tell the TUC to 'get lost'."

The EETPU has applied to the government for nearly £200,000 for the AUEW for around £1m, backdated to 1980, for union ballots.

Civil Service union's secretary to retire

BY DAVID BRINDLE, LABOUR STAFF

MR GERRY GILLMAN, general secretary of the Society of Civil and Public Servants, has said he wants to take early retirement later this year.

His decision had been expected to enable the union to have a candidate in the run-off for the general secretaryship of the union which will be formed by the proposed merger of the SCPS with the Civil and Public Services Association.

Mr Gillman, 57, has worked for the SCPS since 1953 and has been general secretary since 1979. The union has 96,000 members, concentrated among all but the most senior administrative grades of the Civil Service.

The planned merger with the CPSSA, which represents lower-grade staff, would create a dominant civil service union with a membership of about 240,000.

Mr Gillman gave formal notice of his intention to this week's meeting of the society's executive council. He is not expected to leave the union until the end of November, but the executive is likely to select his successor next month.

As Mr Campbell Christie, Mr Gillman's deputy, is set to become the next general secretary of the Scottish TUC, the clear favourite for the top job in the union is Mr Leslie Christie, his brother and an assistant general secretary of the union.

Mr Gillman had been due to retire in 1987. However, the terms of the planned merger with the CPSSA envisage a run-off in 1989 between the general secretaries of the two unions. Provided the individuals were installed by January 1, 1986, when the merger is due to take effect.

For the SCPS to put up a candidate against Mr Alistair Graham, the CPSSA general secretary, it has to have a new general secretary in office at the turn of the year.

All this presupposes that the merger package will be approved by the annual conferences of each union in May and by membership ballots in the autumn. Mr Gillman, a strong supporter of the merger, has taken the view that society members should be clear that they would be represented in the proposed 1989 leadership contest.

The chief threat to the merger going ahead is likely to come from an unholy alliance of Right-wingers and Militant Tendency supporters at the CPSSA's annual conference.

They are expected to put up a large number of amendments to the merger package in an attempt to delay the autumn ballots. However, the CPSSA leadership will move to thwart this by proposing a straight vote on the package before any amendments are discussed.

Ferry crews strike in hospital protest

By Brian Groom, Labour Staff

STRIKES by ferry crews at Dover, Folkestone and Felixstowe caused delays to passengers travelling to the Continent yesterday.

The stoppages were part of a "day of action" against the proposed closure of the Drednought National Seamen's Hospital, Greenwich, south-east London.

A 12-hour strike at Dover halted Townsend Thoresen sailings to Zeebrugge, Calais and Boulogne, apart from one sailing to Zeebrugge.

Sealink's UK flag services between Dover and Calais and Folkestone and Boulogne were stopped, though most passengers eventually got away on hovercraft or on services operated by Sealink's French partner, SNCF.

At Felixstowe, Thoresen, had to cancel two ferries to Zeebrugge, while two freight ships bound for Rotterdam also remained idle.

Unions call for R & D strategy

By David Brindle, Labour Staff

THREE UNIONS, which have banded together as Alliance for Science, have called on the Government to adopt a research and development strategy.

The unions—the Association of University Teachers, the Institution of Professional Civil Servants and the Association of Scientific, Technical and Managerial Staffs—say a science minister should be appointed to investigate funding and plan long-term objectives.

They also propose a National Economic Development Council for research and development. The unions, which represent 100,000 workers in research and development, set out their case in the alliance's second pamphlet, The Case for a Research and Development Strategy.

SEAGATE Technology, the manufacturer of computer disk drives, has signed a lease with East Kilbride Development Corporation for a factory in East Kilbride's Kelyia Park industrial estate near Glasgow. It will be used for service and testing operations.

Ford's worker involvement plan faces delay

BY BRIAN GROOM, LABOUR STAFF

FORD'S PLAN to introduce a programme of employee involvement for its 13,000 UK white-collar staff, similar to that started six years ago for its U.S. workers has run into a major hold-up.

A national framework agreement has been reached with the three unions involved, but branches at the Dagenham body and assembly plant, Essex, have put forward a formidable set of preconditions to be met before they agree to participate.

This comes amid growing evidence that the employee involvement programme, though being approached very cautiously by Ford, could form a crucial part of the company's long-term strategy to improve labour efficiency.

Unions are convinced that Ford will strive to make the experiment succeed in white-collar areas over the next two years, in the hope that manual workers will become attracted to the idea and overcome resistance from their shop stewards.

The programme, which is voluntary, is likely to involve the creation of participation groups of 10 to 12 workers. According to the national agreement they will take part in the "managerial process" including planning, setting goals, problem-solving and decision-making.

At Dagenham, the Association of Scientific, Technical and Managerial Staffs has demanded disclosure of the five and 10-year business plans for the

plant; a written guarantee of no compulsory redundancies; a pledge that staff will not be redeployed elsewhere; agreement that only union members can be staff representatives on employee involvement steering committees.

Unions say this has held up the plant-level follow-up to the national agreement, which would have included presentations to staff and the setting up of local committees. Talks on the problem are expected, but it has set back managers' hopes of getting the programme under way by next month.

The success of the scheme could determine the outcome of an internal debate among Ford managers about the best way to tackle the problem of labour flexibility among manual workers. This is still an issue in spite of a cut in the manual workforce from 58,800 in 1979 to 38,400 now, and a reduction in white-collar staff from 17,600 to 13,800.

Some progress has been made in getting production workers to take responsibility for direct tasks such as self-certification of work, minor maintenance, and cleaning work areas. But other European plants tend to be less strike-prone, hit out targets more frequently, and more lightly managed, and achieved earlier success in breaking down demarcation lines between craft and production workers.

The company appears to hope

that employee involvement could eventually lead to greater flexibility. But some managers, mainly at the Halewood and Dagenham plants, believe it is a foreign transplant which will not take root in the UK, and that the only route to greater efficiency will ultimately be to offer payments for it in conventional negotiations.

So far this view has not prevailed. Talks on altering the 17-year-old wage structure for manual workers have been going on for two years, but Ford has been resisting a union claim to move from five to three grades, and introduce allowances for production line workers and for others who acquire extra skills.

Senior managers fear that this would result in a general pay increase with no guarantee of higher productivity. But managers in the big assembly plants get frustrated because workers often resist changes to their responsibilities unless the wage structure is altered.

Ford began employee involvement for blue- and white-collar workers in the U.S. in 1979, after similar schemes at General Motors, and was installed at 45 locations within the first 18 months. It has produced considerable benefits for the company, but there have been some problems in the past two years and the United Auto Workers' Union—though formally in support—has become markedly less enthusiastic.

Mostly it takes the form of groups who tackle a wide range of issues of efficiency and working conditions, though in some plants it is little more than a glorified suggestion scheme.

Typical successes include a problem-solving team of machine operators at an engine plant in Michigan, who redesigned cylinder head milling machines to shut down automatically when their timing belts broke. This stopped breakdowns which could cost \$24,000 each in damaged parts and lost production.

There has been resistance to the scheme among skilled workers jealous of their craft privileges at the bigger plants, however. And the UAW's enthusiasm has cooled because it believes Ford has used employee involvement to weaken union organisation at some plants, for instance by enticing militants out of union office by offering them full-time jobs as employee involvement co-ordinators.

Ford has tried to spread employee involvement and seems pleased with the way it has been introduced in countries like Spain and Brazil. Unions say it has been less successful in West Germany, where the works councils already provided a forum for worker participation which gave the company the kind of flexibility it was looking for, without superimposing new systems.

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Bank of Scotland

BANK OF SCOTLAND Account Details

As at close of business 14 Jan 85

Account No	00428407
Balance	125.84
Today's items	75.43
Fund transfers pending	65.00
Keycard withdr pending	30.00
Interest accrued	-1.12
Charges accrued	0.50
Overdraft limit	200.00
Cash available from Keycard	70.00

Key: 0 Account Index 1 Statement
2 Today's Items 3 Finish

UP TO DATE INFORMATION.

Bank of Scotland

Make Bill Payments

Mandate No. 104
B of S View Card
Reference 492387302317

Account to be debited on	04th February 1985
Amount	£174.26
Bill paid by	06th February 1985
No changes after	30th January 1985

Key: 1 To cancel this payment
2 To change this payment
3 To cancel this payment

PAYMENT OF BILLS.

Bank of Scotland

BANK OF SCOTLAND Inter-account transfers

Details

From	Current Account No 00428407
Grant J A Pers Acc	Home Banking Centre
To	Investment Account No 02037184
Grant J A	Home Banking Centre
Amount	£100.00

Key: 1 To send 2 Not to send
3 Change amount 4 Change Amount 5 Change both

INTER-ACCOUNT TRANSFERS.

Bank of Scotland

Standing Order Mandates Held

To	Next Due	Until	Amount
Upland Electricity Monthly	30Jan85	30Nov85	32.40
British Gas Monthly	06Feb85	06Sep85	31.15
Midshires Council Monthly	01Feb85	01Mar85	57.81
General Life Ass Monthly	31Jan85	N.A.	22.45
United Auto Ins Quarterly	15Mar85	15Jun85	26.95

Key: 1 Alter Mandate
2 Finish

STANDING ORDER DETAILS.

Bank of Scotland

Statement

A/C No 00428407

Date	Details	Amount	Balance
11Jan85	398410	-45.00	226.97
11Jan85	P B 011	8.75	235.72
12Jan85	398412	-27.42	208.30
13Jan85	Keycard 90375693	-100.00	108.30
14Jan85	Bank Giro Credit	47.52	155.82
14Jan85	398413	-29.98	125.84

Key: 1 Earlier Dates
2 Finish

STATEMENT OF ACCOUNT.

Bank of Scotland

BANK OF SCOTLAND Cash Management

148 High St Southampton
ACCOUNT: 00101407 CURRENCY: STG

Ledger position on first line
Debitments expiring and cleared
position on second line

Date	Details	Amount	Balance
14Jan1985		1,456	504
15Jan1985		-369	750
16Jan1985		0	1,048
17Jan1985		0	2,884
		0	327

Key: 1 Finish

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FT23/2

THE WEEK IN THE MARKETS

Tiptoeing towards Mr Lawson

THE JOBBERS had their red pens out again yesterday as they encountered a modest amount of selling in the last day of the account but by and large the equity market is softly tiptoeing towards the Budget next month.

A subdued level of trading is the norm around this time of year as the City awaits the Chancellor's statement, and news from the corporate sector remains at a low ebb. Equity prices are less than 5 per cent below the peak of a month ago and for the present there seems little happening on the domestic scene to prompt a movement either way. Without a lead from Wall Street prices will probably continue to move sideways for the time being, perhaps edging down a little further.

The electricals and electronics sectors managed to fare reasonably well this week having fallen 14 and 20 per cent respectively from their highs by last Saturday. After the depressing news from the likes of Racal and STC, Plessey managed to report figures that lived up to the City's hopes—admittedly expectations had been trimmed back in recent weeks—and the rescue package for Acorn was unveiled.

Trafalgar's rights

Unlike STC's poorly timed rights issue last week, Trafalgar could not have judged the market much better to launch

LONDON

ONLOOKER

its first rights issue for a decade. The group is asking its shareholders for £175m through a one-for-five issue at 315p a share. It surprised the analysts at first but once the full implications of the issue had sunk in it looked like the right thing at the right time.

To justify the issue Trafalgar paraded a string of separate news items underlining the need for a fresh capital injection including a hostile £37m cash bid for Haden, the mechanical and electrical engineering company.

Trafalgar was also able to tell its shareholders that it was tendering to buy the Yarrow shipyard, and competing in a consortium bidding for a contract to build a second Bosphorus bridge and super-highway in Turkey. There was also a potentially significant gas find in the North Sea. Sir Nigel Brookes is nothing if not active.

All in all Trafalgar is looking at an investment programme for the coming year which could amount to £250m. A commitment of that size could put the group's cash flow under some pressure but it could always borrow. So there is still a small

question mark over Trafalgar's ultimate intentions for the money it is raising.

It is not beyond the realms of possibility that the group is taking advantage of the fashionable image of conglomerates and a share price that has significantly outperformed the market over the last year to ready its balance sheet for a large acquisition. P and O is, of course, no longer a contender but that does not mean Sir Nigel is happy to sit back and work with the clay already in his hands. And while he may well have to pay more than £37m for Haden to win control that is not going to measure up as a big acquisition.

Rescue for Acorn

Acorn Computers has found a white knight in the shape of Olivetti, the Italian computer and office equipment manufacturer. Though the full story of Acorn's finances are yet to be revealed, the peep that the market got of its trading performance in the six months to December last gave some indication of how close the company was to collapse.

The failure of the Electron in the fiercely competitive home computer market (in spite of drastic price cuts) combined with disastrous forays into the U.S. and West Germany were the company's undoing. Within a year Acorn has evolved from

a "glamour stock" to a "penny stock".

After stock write-downs on a small mountain of Electrons and the costs of withdrawing from the States and Germany, there was a loss of nearly £11m in the half-year. In the previous 12 months Acorn had made £10.3m pre-tax and seemingly could not put a foot wrong.

Now stunned shareholders are being asked to support a mammoth rights issue on the basis of 27 new shares for every 20 held. The price is just 80p a share, which compares with the suspension price of 28p and the peak of 193p last year. Messrs Chris Curry and Herman Hauser, who founded the company, will not be taking up their shares. Olivetti will buy those giving it 49.3 per cent of the equity for just £10.4m. The two directors have given the Italians the option to take their investment to over 50 per cent.

Deals have been struck with suppliers, bankers have offered support, at least in principle, and—most important of all—the management has been strengthened: there is a new chairman and the search is on for a managing director with experience in the industry.

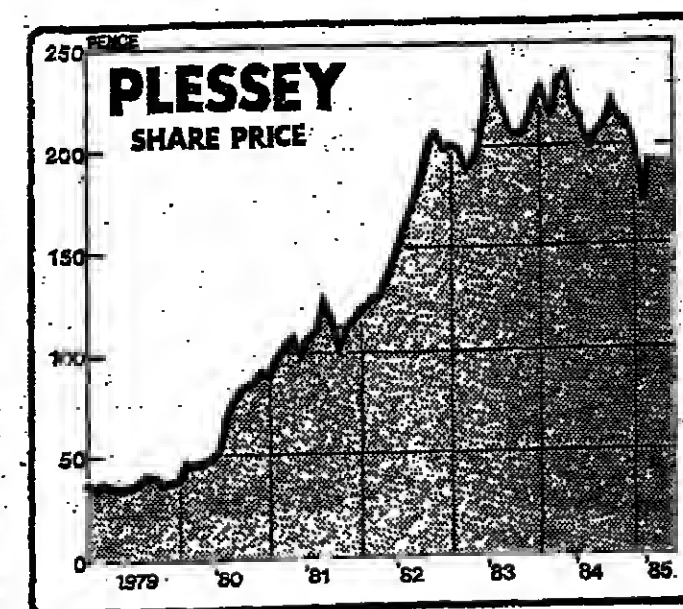
Nevertheless the future is still far from bright. A return to... prospecting hinges on Olivetti's ability to use its international marketing network to establish the company's products in the U.S. and Europe. The result cannot be regarded as a foregone conclusion.

Defensive move

Lord Matthews, chairman of Fleet Holdings, confirmed on Monday that his company is talking to Aitken Hume, the financial services company, with the intention of finding "a mutually beneficial association." The market had been expecting Fleet to bid for some days.

The move was immediately branded as defensive. Fleet has spent half its short life as a public company keeping a close eye on its share register. In the last eighteen months shareholders have included Robert Holmes à Court, Robert Maxwell and now United Newspapers has 20.5 per cent of the shares. Even though its market capitalisation of £160m is £50m below that of Fleet the market believes a bid could emerge eventually.

The attractions of Fleet to United, or any other bidder come to that, is that the share



prices does not really do justice to the group despite the rise of more than a third since the beginning of the year. Fleet's stake in Reuters is worth around £115m and the Morgan Grampian publishing group could be valued at, say, £25m as a free standing business. That leaves the rest of the group, dominated by the Daily and Sunday Express and the Daily Star, valued at £40m.

If Fleet gobbles up Aitken—currently valued at over £50m—it might just discourage predators. It would put Fleet well out of United's league for a while and, of course, any acquisition for shares would dilute the United holding making it less of a threat.

A move into financial services makes some sense—Fleet would not be the first in the industry to go that way—and there are vague connections between the two companies. Aitken Hume is run by cousins Jonathan and Timothy Aitken, relatives of the late Lord Beaverbrook. But dynamic implications apart the Aitkens and Lord Matthews have built up a rapport through Tim Aitken's rescue of TV-am.

Lord Matthews may feel comfortable rubbing shoulders with Lord Beaverbrook's descendants but that does not necessarily make Aitken Hume an ideal partner for Fleet.

Steady Plessey

To say that the market was a little apprehensive ahead of Plessey's third quarter figures is to put it mildly. Once proud bulls of the electrical sector have been served up with a diet of a surprise rights issue from STC and a forecast of lower profits from Racal. By the time Plessey came round this week analysts were saying that they would be happy if the group could achieve unchanged profits.

The figures, when they arrived on Thursday, were greeted with some relief. Profits in the third quarter were marginally down at \$40.57m leaving the full nine months at \$121.24m against \$124.6m but there were no nasty shocks to upset the market.

The main reason for the setback is the drop in profits from the telecommunications division. Delays in commissioning System X by British Telecom resulted in a \$4.25m loss from that particular activity.

System X should be profitable next year, however. Plessey has an order book of £210m and at long last the group has moved into full production. Output should rise rapidly over the next couple of years. Export orders are being sought but so far the System X exchanges are shackled to Telecom. That should ensure that there is a bedrock of orders for a decade or more but Telecom as a private company enjoying a monopoly position is not going to let System X turn into a crock of gold for Plessey.

In the U.S. Stromberg-Carlson is still making losses. The opportunities in America now that the telecommunications market has been deregulated are enormous but Plessey through Stromberg is in there fighting with all and sundry who can also see the rich rewards. There is no guarantee that Plessey will be rewarded for its efforts.

In the nine months to the end of December its cash resources have been depleted by £200m and it will be another six to nine months before the flow is reversed according to the company. Despite assurances to the contrary the market is bound to suspect that a rights issue will eventually emerge.

Terry Garrett.

Volcker's shadow

NEW YORK
TERRY DODSWORTH

THE LONG, foreboding shadow of Mr Paul Volcker, chairman of the Federal Reserve Board, fell once again over the U.S. equity market this week. It was not quite baleful enough to blot out the early winter lustre altogether, but it was sufficiently ominous to take a lot of the sparkle from share prices as attention switched back to the credit markets.

Appearing in Washington at the Senate Banking Committee, Mr Volcker, as so often before, only articulated what many analysts had already claimed to detect—that the Fed was no longer deliberately encouraging a fall in short term interest rates.

This move, he added, was not the equivalent of a tightening of monetary policy. But his admission that the Fed was being more cautious in providing funds to the banking system was enough to suggest to the markets that the main direction of rates for some time will be up. They duly rose on Wednesday, the day of his testimony, and then leapt ahead on Thursday, three months Treasury Bills, for example, moved from around 8.18 on Tuesday to 8.63 on Thursday, putting them back to the levels of last November.

On Thursday, the market also had to absorb a further surprising item from Washington, when the Commerce Department announced yet another revision of fourth quarter GNP growth to put it at 4.9 per cent, a full percentage point higher than the last reported figure.

As if these two items of news had not done enough to underline the constraints upon American business, Mr Volcker had another little bone to throw to U.S. investors when he stressed the problems associated with the high deficit, the lofty rates needed to finance it, and the problem of living with the newly-minted super-dollar.

This is not an entirely new bomb from the Fed chairman, but in response the dollar shot through more record levels on Thursday, endorsing the idea that it is responsible for high real rates in the U.S. and this drew attention once again to the difficulties experienced by American exporters or multinationals whose overseas profits are being steadily eroded in dollar terms.

There was little wonder that in this atmosphere the major stock indices began to show signs of running out of breath.

after their rapid New Year run up. On the Big Board, the Dow Jones Industrial Average continued to back off from the high fence whenever it came close to the 1,300 barrier, and on Tuesday, after the one-day George Washington holiday, New York Stock Exchange volume fell below 100 shares for the first time in 25 consecutive trading days.

At the same time, the broader market measures, which had led the DJIA up in January, have also begun to mark time. Both the S & P 500 and the NYSE composite of all stocks have slipped back this week.

Even the takeover scene, though lively enough, has not had the sort of sure-fire sensation which has the speculators rushing into the fray.

In the Phillips Petroleum saga, interest this week was concentrated on Mr Carl Icahn and the question of his ability to raise the cash for a successful bid. But though a fascinating battle, starting some of the slickest operators on Wall Street, the Phillips struggle has become so complex that even fund managers are wandering around asking what it all means, and a languishing share price has indicated that no one is convinced that anyone has the answer.

Other bids were launched this week by National Can, which effectively wants to buy itself for its workforce through an American business. Stock Ownership Plan—a device which now seems set to become a fashionable Wall Street fad—and by Chesbrough-Pond, which is planning a \$1.35bn takeover of Stauffer Chemical.

The market liked the first offer, which gives shareholders something to look forward to after a previous failed takeover offer, but it did not think much of the latter. It marked down Chesbrough shares by 3 1/2 to 3 3/4, despite its reputation as a relatively successful acquirer and diversifier.

MONDAY MARKET CLOSED
TUESDAY 1294.57
WEDNESDAY 1283.13
THURSDAY 1279.04

MARKET HIGHLIGHTS OF THE WEEK

	Price y day	Change on week	1984/5 High	1984/5 Low	
F.T. Ind. Index	975.2	-4.7	1,024.5	755.3	Interest fades, as pound falls
Betobell	260	-35	373	257	Profits warning
Bombardier	30	-12	30	15	Bid from Promotions House
Booc (Henry)	280	-35	325	245	Recipients appointed for entry
British Aerospace	390	+24	401	214	Newspaper comment
Cardo Engineering	240	+40	243	100	Sells Indian Card Clothing stake
De Beers Defd.	402	-38	616	340	Prelim. figs. due March 12
Ecobric	40	+17	65	23	Newsletter comment
Fleet Hldgs.	289	+24	291	135	Speculative demand
Goode Durrant & Murray	47	+21	67	42	Bid approach
Haden	297	+81	300	132	Bid from Trafalgar House
Impala Platinum	980	-185	1,113	854	Disappointing int. results
ICI	880	+28	885	524	Annual results due Feb. 28
Invent Energy	660	+90	660	280	Good interim results
Milford Docks	73	-22	95	28	Profit-taking after recent rise
Reuters B	376	+26	376	286	U.S. demand/results due shortly
Saxon Oil	500	+60	515	225	Good int. figs./N. Sea oil find
Secombe Marshall & Campion	410	+90	420	240	Agreed bid from Citicorp
Ward Hldgs.	173	+13	179	43	Excellent annual results
Whitbread A	192	-18	226	128	U.S. franchise worries

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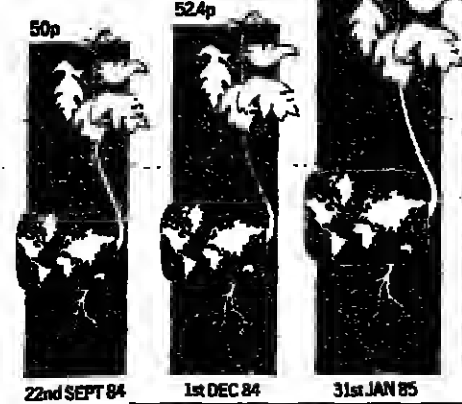
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The Worldwide Recovery Fund, since its launch on the 23rd January 1982, has increased an original investment of £10,000 to a current worth of £22,220 as at the 31st January 1985.

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Flair pays off again

THE FLOTATION of Osborne and Little this week gave USM investors their latest chance to put a price on flair. And, not for the first time in recent months, they valued this intangible, yet precious, commodity very highly. The shares of this up-market wallpaper manufacturer, which seemed to many observers fully valued, at the issue price of 125p, shot to a 66p premium when dealings began on Monday.

They climbed still higher during the week to 215p, where they trade on a multiple of 34 times the earnings forecast in the prospectus. An astonished Sir Peter Osborne, joint founder, chairman and managing director of a company now capitalised at £14.5m, says: "I am surprised at how much the shares have taken off. It reflects a widespread admiration of Osborne and Little."

Significantly, the greatest demand for the 24 per cent of the equity that Sir Peter and joint-founder Antony Little have released on to the market came not from private investors but from financial institutions—buyers who were taking up the shares for their portfolios and not for a quick profit.

Clearly, the stock market still is thoroughly convinced of the appeal of design-oriented companies: consumers are seen to be more willing than before to pay a premium for good design, be it in home furnishings or anything else. Similarly, companies are spending more than ever on advertising and public relations services.

Recent USM announcements are firm evidence of how rapidly companies can grow in the heady design market. Last week, Craton Lodge and Knight Group, an advertising agency specialising in the development of new products (among them, Cadbury's Wispa chocolate bar), revealed profits for the year to the end of September up 122 per cent to £495,000 pre-tax.

This week, two companies that are about to merge—Addison Communications, a public relations group, and Michael Page Partnership, an executive recruitment agency—announced annual profit increases of 131 per cent and 123 per cent respectively.

Similarly, Osborne and Little is forecasting pre-tax profits for the year to the end of next month of not less than £735,000—up 141 per cent. These are phenomenal figures, but they reflect the rate of growth expected of com-

panies trading at prospective multiples of 30 times and more. The difficulty for investors is picking the winners among these generally young and rapidly-changing companies. The rates of growth imply that the differences between the best and worst businesses are likely to emerge fairly quickly.

In the short term, this often means that the shares of these companies are very volatile, particularly as in most cases only a small part of the equity has been released on to the market. As an example, the shares of the Good Relations advertising and public relations agency, a listed company, fell 80p to 200p after it announced it planned to move its City office out of the Square Mile (subsequently called off after the resignation of six staff).

The price movement might seem to be out of all proportion to the effect of six resignations on a group employing 170 people, but it indicates how the slightest upset can colour the market's view of a highly-rated stock.

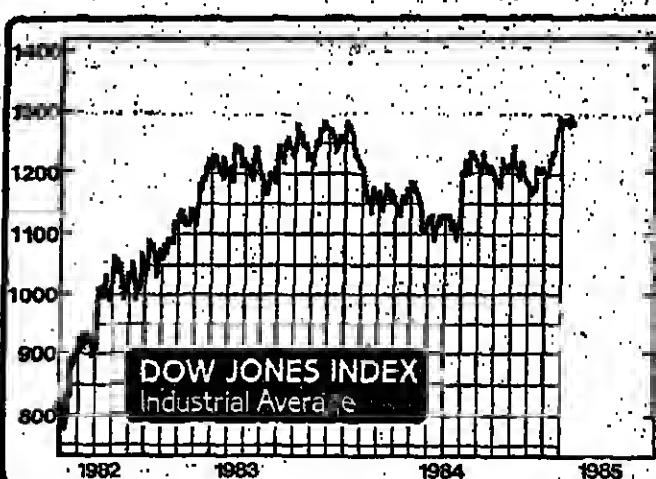
The incident also highlights a long-term problem shared by other "people" businesses—how to motivate skilled staff who can so easily go and work elsewhere.

The problem is particularly acute when companies are growing very rapidly—either by recruiting new staff or by acquisition. Only this week, a recent USM graduate to the full market, the Wight Collins Rutherford Scott advertising agency, announced plans to buy an unquoted public relations company, Bliss Lancaster.

It seems probable that the eventual success of today's crop of design company new issues will depend on whether they can expand without harming their initial reputations for creativity and flair.

This is the difficult trick which Charles and Maurice Saatchi and Sir Terence Conran have managed so well. But it is one that has defeated many likely-looking competitors along the way.

Stefan Wagstyl



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YOUR SAVING AND INVESTMENTS

Into the shelters, friends

CLIVE WOLMAN reports on some important matters for a taxpayer to ponder before April 5.

IT HAS taken its time to arrive. But this year, the more sophisticated circles of English society have adopted an American seasonal fashion, just as it has come under threat back home. To introduce into polite conversation a discussion of this year's best tax shelters would still be regarded as, at best, avant-garde on this side of the Atlantic. But thanks to the recent Government initiatives, the salesmen report an upsurge of interest which will allow income to be sheltered from the Inland Revenue if made before April 5, the end of the tax year.

In the U.S., conversations about tax shelters among the well-informed cover everything from tales of sheltered investment in cattle feed, or pornographic films to the publication of details of art books and Bibles. The U.S. Treasury has however recently published proposals which would drastically reduce the opportunities. Although the choice of tax shelters is more limited in the UK, the Government has been moving in the opposite direction. In the 1970s, tax shelter planning was limited to usually secretive and highly complicated tax avoidance schemes. But now the activity has come out into the open. "The search for tax shelters in March is becoming as much a seasonal event as the hunt for growth in August," says Geoffrey Pointon, of financial consultants Pointon York.

You don't have to be rich to make use of tax shelters. Even a basic rate taxpayer should keep a few cards up his sleeve. But the higher the rate of tax you face, the wider the range of potentially profitable investments. To see how a tax shelter works, consider the tax you pay on your income. If your marginal rate is 50 per cent, the taxman will take £500 from every £1,000 you earn. With a tax shelter, he will do the opposite. For every £1,000 you "lose" in the shelter, he will give you back £500.

The tricky bit comes when you want to extract your £1,000 investment from the shelter. The real attraction of the shelter will be if it allows you to do so without having to hand back once more the £500.

The most important reform introduced by the Government was its launch of the Business Expansion Scheme in 1983. This allows you to invest in almost

any incorporated business and to offset the full investment against your taxable income up to a maximum of £40,000 per year. Chief exclusions are investment in Stock Exchange quoted companies, financial services, farming and property dealing companies, and family companies.

Provided you can hold on for at least five years, you will also be able to extract your investment free of income tax. Your only assessment will be for capital gains tax on any rise in the share price after adjusting for inflation.

This assumes you will actually be able to sell out your investment but if you are holding shares in an unquoted company, you may have difficulties in finding a buyer even if the company has been performing well. There are two ways of sequencing out some of the risks of investing in small unquoted companies. One is by investing through a managed fund which will spread your risks across a variety of companies. One possible drawback at this stage in the tax year in placing money with a managed fund is that the managers may not succeed in finding sufficient investment outlets for all the money by April 5. In that situation, you will not receive all the tax relief you had planned on.

There is little doubt also that the pressure on managers to find suitable unquoted companies quickly last year led to many poor decisions and there must be the same risks this time round.

Only about half the money that has flowed into companies under the Business Expansion Scheme over the last 12 months has gone into funds. If you have sufficient resources, you can spread the risks yourself across a range of companies. Alternatively, or in addition, you can choose just one or two companies which represent low risk investments because of the value of physical assets behind them. Last year, farming companies were all the rage, until BES support for them was withdrawn in the Budget. This year, property development companies have led the popularity stakes, followed by wine companies. Only yesterday, Limehill, a property development company concentrating on the London Docklands area, was launched under the BES. Nevertheless, any form of equity investment in small companies is highly risky as the collapse of property companies

in 1974-75 illustrated. You should probably rule out BES investments unless you were considering an investment in a small company on other grounds, or unless you can get the taxman to shoulder at least half the costs, as the adjacent decision tree suggests.

Be careful when calculating your top marginal rate of tax to deduct from your taxable income all the other reliefs and allowances which you would use anyway. These cover your personal allowances including the age allowance, mortgage interest relief, conventional charitable contributions and, above all, pension fund contributions.

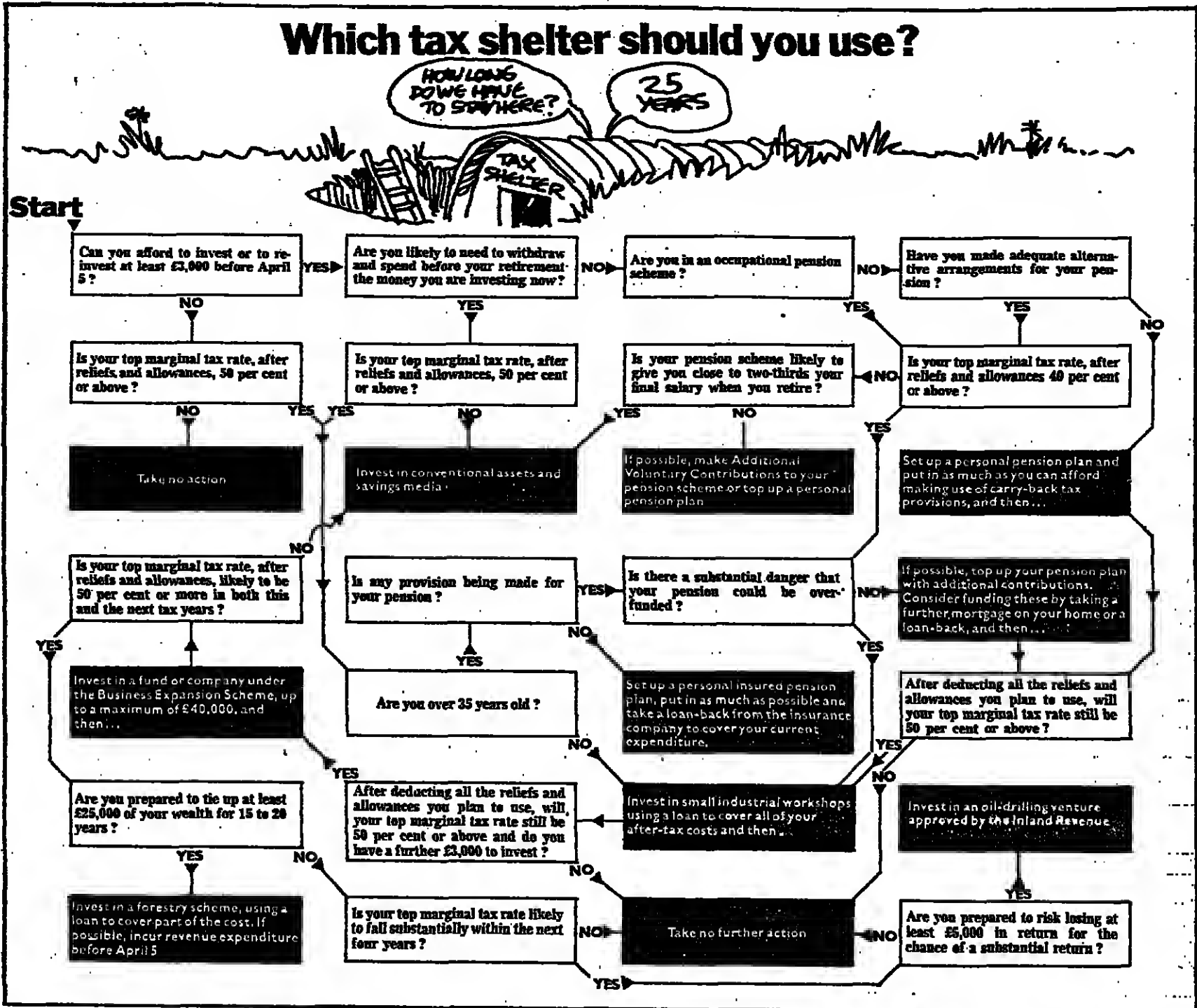
In fact, the pension fund tax shelter is the first one to which all taxpayers should turn, whatever their marginal rate. The Social Security Bill currently going through Parliament and the Government's personal pension proposals have highlighted the attractions of pension fund investment. More important, they have already led to greater opportunities for the individual employee and the self-employed to set up and adjust pension contributions.

The detailed provisions of how to make use of pension tax relief will be discussed next week. All taxpayers on marginal rates of 50 per cent or more, should look closely at the small industrial workshops tax shelter which will be withdrawn permanently on March 28. This is probably the most attractive of all tax shelters for high income earners because it is possible to borrow all the money that is needed to invest — and get tax relief on the interest.

Also, the risks are low — in fact one scheme, the Property Enterprise Trusts, is designed to eliminate nearly all the major risks. Under this, you invest at least £25,000 gross in what is effectively a unit trust (although not under Government supervision). It then buys the freeholds or long leaseholds of groups of small industrial workshops. These are let to local authorities or to 25 years and in turn sub-let to the ultimate occupants.

Because your properties will be spread across different locations and because the local authority guarantees the rental payments, repair work and general maintenance, the risks are small.

You will be given tax relief at your top marginal rate on the building cost. Your outstanding debt can, and in fact should, be met by a loan. In the early



years, the rental payments will cover, or come close to covering, your interest payments on the loan. But once the rent reviews start, you will be ahead.

Strictly speaking you should have to wait for 25 years before selling the property. Otherwise you will suffer a claw-back of the tax relief on your investment.

But in practice, this limitation is easily side-stepped by carving out an ultra-long lease from

your freehold (or long leasehold) interest and selling that. You will then be left with a reversion of negligible value. The only risks are that the Government could close this loophole with retrospective effect or that the members of your trust syndicate will not agree on a sale date.

For those seeking a potentially higher return from this type of scheme in exchange for higher risks, Pointon York is offering small workshops in

Milton Keynes for direct investment. The cost of each workshop is £61,250 gross and loan facilities are available to cover your net cost. But note that you get no tax relief on the land cost and there is no local authority guarantee.

The two other tax shelters mentioned in the decision tree demand fast footwork on your part if you are to be granted tax relief in the current tax year. Investment in forestry was discussed in detail on these pages on January 12.

Note however that to get income tax relief for 1984-85, you will need to acquire the land and incur planting costs and other revenue expenditure under tax schedule D by April 5.

U.S. oil drilling tax shelters first became available to UK investors under an Inland Revenue concession made a year ago. Alamo, the West Virginia based oil and gas producer which is quoted on the U.S. and UK stock markets, has organised with Upfields Develop-

ment of Reigate, Surrey, a set of oil and gas drilling partnerships which are open until the end of the month.

A run of bad luck could mean the loss of all your investment. But if commercially viable amounts of oil or gas are discovered, your returns will be taxed at your top marginal rate in the year they accrue.

Some telephone numbers: Limehill, 01-660 9262; Property Enterprise Trusts, 01-486 6894; Pointon York, 01631 3815; Upfields Development, 0306-70209.

"OUCH!" said the mining sharemarket this week when it learned of the half-year results of South Africa's Impala Platinum Holdings.

They were not just disappointing but downright bad with earnings down 25 per cent at R50.2m (£22.8m) in a period when the rival Rustenburg Platinum Holdings had raised its profits by no less than 88 per cent to R59.5m.

As Impala admits, its earnings should also have shown a substantial increase in view of the strengthening demand for platinum. So what went wrong? Simply, the answer is that Impala played the forward exchange markets and got it wrong.

Platinum is sold for U.S. dollars and last year the company took the view that the rise in the value of the dollar over that of the weakening South African rand might have gone far enough. So it sold forward about 30 per cent of its expected dollar revenue for the year to next June at the going exchange rate.

But, as we all know now, the dollar just kept on rising and as a result Impala missed out on a bonanza in rand revenue. The company also lost R34m in forward purchases of metal to meet customer requirements.

Impala stumbles

BY KENNETH MARSTON

What shareholders may find so galling is that, unlike a marginal gold company struggling to keep its head above water, Impala did not really need to take the risks of forward currency dealings.

Far from being in a desperate position the company had reported a jump of 34 per cent in earnings at this time last year and spoken of rising demand for platinum which called for increased production.

To be fair, if Impala's view of the coming exchange rate movements had been proved correct the company would now be basking in a certain amount of acclamation and Rustenburg would not be looking so clever. However, the moral of the story is that mining companies should keep to the business they know — there are many sad examples of those who have found it cold outside — and forays into the world of foreign exchange dealings should only be made out of real necessity.

Things should improve in the second half to the point at

which Impala expects its net profits for the full year to June 30 to come out at about the same as those for 1983-84. This suggests a maintained dividend, but Impala has now lost most of the higher dividend yield advantage it previously held over Rustenburg.

Meanwhile, Impala continues to increase production in order to meet platinum demand as does Rustenburg and the Lombro group's Western Platinum. This has prompted a reader to ask why, if demand is so good, the metal price has been sagging in the past few months and is currently around \$268 per oz (yes, about \$30 cheaper than gold).

Basically, the reason is that there is plenty of platinum available if supplies on the free market are taken into account. The mines, however, need to increase their earlier reduced output levels in order to supply the improved demand from their platinum-using industrial customers who would otherwise turn to the free market.

The free, or open, market tends to be dominated by speculators, or those who buy the metal as a hedge against currency uncertainties and inflation in the same way that others buy gold. These days there is not much call for this activity and so the dollar prices of both platinum and gold are depressed.

Other things being equal, a fall in the value of the U.S. dollar means a rise in the dollar price of gold and a fall in the sterling price. If I were a U.S. citizen I might now be tempted to buy some cheap dollar gold as a currency hedge. Being British, I would rather sell the metal at the still high sterling price while the going is good.

Meanwhile, London stockbrokers Fielding Newson-Smith have produced an investment review of the South African gold mines based on their technical merits. Author Derrick Espley-Jones explains that, as a reference work, it is unlikely to become outdated and will be a useful guide to investment when the tide turns.

Prime importance is accorded to the quality and quantity of a mine's orebody. Companies favoured are: Vaal Reef, Southvaal, Driefontein Consolidated, Hartbeestfontein, Kloof, Kinross and Winkelbank.

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YOUR SAVINGS AND INVESTMENTS

Margaret Hughes reports on a new system that will penalise bank depositors

Even the children need tax havens now

FEW CHILDREN, however, are likely to have given much thought to tax havens.

But they, along with other non-taxpayers such as pensioners and those with fluctuating tax liabilities, would do well to check the attractions of such offshore centres as the Channel Islands and the Isle of Man. For they will be penalised once banks are required after April 5 to deduct tax at source from depositors' income.

There are also advantages to taxpayers in going offshore because they can defer their tax liabilities.

It is estimated that some 3m non-taxpayers hold savings and deposit accounts. These will be individuals, whose incomes are less than their personal allowances, including age allowances, after taking into account other reliefs. At present they receive their interest gross on their bank deposit or savings accounts.

But from April 6 banks will have to join building societies in deducting tax at source at a common composite rate (CRT) now 25.25 per cent. The composite rate is below the basic tax rate of 30 per cent because it takes account of the fact that a proportion of the building societies' and banks' depositors

are non-taxpayers.

Taxpayers benefit because the composite rate is lower than the rate they would normally pay on their income. But their gain is the non-taxpayers' loss because they too will now be paying tax on their bank interest at the composite rate. The banks are now improving the rate of return on their savings and investment accounts and launching new ones to compensate for the introduction of CRT.

But non-taxpayers would do better either to switch their bank deposits into National Savings or into Government securities sold through the National Savings stock register. These are the only savings media which will now pay interest gross.

Alternatively they can move their funds offshore to the Channel Islands or Isle of Man where all the main clearing banks and several of the merchant banks have overseas branches or locally incorporated trust companies, a service which building societies cannot offer.

Those branches or subsidiaries offer a similar range of deposit and savings accounts paying returns similar to those of their parent companies in the UK. In some instances, as with



Barclays Bank, the initial balances required to open a higher interest account offshore are lower than those onshore. The accounts available offshore include children's accounts, such as Barclays Super Saver, Lloyds Bank's Black Horse Young Saver, Midland's Griffin Account and National Westminster Bank's "Piggy" and "On-line" accounts. The two latter

are offering the best return of 13 per cent gross. For UK residents who are longer in the tooth the most popular accounts are likely to be the high-interest cheque book accounts which offer most flexibility. Midland Bank offers its High Interest Cheque Account offshore.

So, too, does Barclays. In the Isle of Man it offers its Prime Account with the same return and conditions as its UK equivalent. In the Channel Islands, its comparable account is the High Interest Call Deposit account. Here the initial deposit at £2,000 is £500 less than that required to open an account in the UK but there is a 50p charge for each cheque withdrawal and there are no standing order arrangements.

Barclays soon will introduce a new high interest deposit account which will be available both in the UK and offshore. There will be two-tiered interest rates above the normal deposit rate with a minimum balance of £1,000 required to open the account. There will, however, be no cheque book facility.

Lloyds Bank's new High Interest Cheque Account, also available offshore, differs from those of the other four clearers in that it has no minimum withdrawal limit. It too offers a cash-point card, which allows customers to withdraw £300 a day. An account holder in the Channel Islands, for instance, can withdraw cash from this account through any of Lloyds' 160 cash dispensers in the UK.

National Westminster Bank is alone among the four major English clearers not to offer a cheque book account. But it plans shortly to introduce a Special Reserve account, which pays a higher interest now the best at 13.75 per cent on balances of between £2,000 and £9,999 and 14 per cent on balances of over £10,000. In its offshore branches, the Isle of Man Bank, however, which is a wholly-owned subsidiary of NatWest incorporated in the Isle of Man, offers an Easy Access account. This has a three-tiered interest structure ranging from 13.25 per cent to 13.75 per cent. As with Special Reserve, cash dispenser facilities are available through a parallel free banking current account. The cash card can be

used to withdraw funds at any NatWest or Midland cash dispenser in the UK.

To open an offshore account customers need only to walk into their branch or any high street branch of a UK bank and ask for the facility. Under Section 482 of the 1970 Taxes Act British banks cannot take the initiative to persuade UK residents to move their funds offshore. But they are perfectly free to make the necessary arrangements at a customer's request.

Anyone opening an offshore deposit account is obliged, as with any UK bank account, to report any interest received to the Inland Revenue. On bank deposit accounts held in the UK, banks are required to report any interest paid to any individual once it reaches £500 a year. However, the Inland Revenue does not require them to do so on accounts held in the Channel Islands, Isle of Man or anywhere else outside the UK. If the customer chooses to have the interest paid directly into his UK bank account there is again no reporting requirement imposed on the banks by the taxman.

Non-taxpayers are the most obvious candidates for moving offshore. Most of these will be children. There will be, however, a particular advantage for those making covenants in favour of children to pay the money into offshore accounts. It could be similarly an advantage for those who are made redundant and receive a lump sum rather than a pension.

Non-taxpayers apart, there could also be benefits for others. In moving offshore, bank customers will be able to pay tax on their interest received at the end of the financial year of their basic or marginal rate. For a basic-rate taxpayer this means that they would be liable to 30 per cent tax on their interest, a 4.5 percentage point less than CRT. But by deferring the tax payment, instead of having it deducted at source, they enjoy the use of the gross interest either to improve their cash flow or to reinvest. Although banks do not promote the facility it is possible to "roll up" interest in an offshore bank deposit account. Only when the deposit and the rolled-up gross interest is withdrawn from the account will the depositor become liable for tax. Anyone approaching retirement or planning to become an overseas resident can thus defer their tax liability until they either move into a lower tax bracket or, as a non-resident, become exempt from UK tax.

Anyone contemplating a move offshore would, however, be well advised to stick to the offshoots of the big clearing and other well-established UK banks. Although supervision has been tightened in the Channel Islands and, more particularly, in the Isle of Man since the recent bank collapses there, offshore banks are not covered by Bank of England regulations. Investors would not therefore be covered by its depositors' protection scheme. You will therefore have to rely on the good-will of the UK parent bank to guarantee your savings.

A puzzle for investors

ERIC SHORT concludes his series on the workings of 'with profits' life assurance policies by considering how salesmen project your likely returns from buying a policy.

WHEN an investor is considering a savings plan, he likes to have some idea of the return it offers.

The National Savings Yearly plans currently offers a return of just over 9 per cent, free of tax. This enables the investor to compare the rates offered by different plans and different institutions.

But a statement of current bonus rates on traditional with-profit life contracts provides no help in estimating the expected return on the contract or in comparing the various life companies.

MC2—For example, how does the investor compare the following two life companies, which have been selected at random from the wide choice currently available?

Royal Life—current rates for assurances:
Reversionary bonus rate £4.70 per cent of the sum assured and £8.20 per cent of attaching bonuses.

Scottish Equitable—current rates for assurances:
Reversionary bonus rate £4.70 per cent of the sum assured and attaching bonuses.
Terminal bonus rate—65 per

WITH PROFITS QUOTATION

	Man aged 40	Man aged 50
10 year term	25 year term	
(Monthly premium £50)		
Royal Life	5,403	12,226
Sum Assured	3,712	4,574
Est. Rev. Bonus	1,451	7,140
Est. Terminal		
Est. Maturity	10,546	45,832
Scottish Equitable	5,518	13,172
Sum Assured	3,217	28,354
Est. Rev. Bonus	2,091	18,430
Est. Terminal		
Est. Maturity	10,824	59,956

cent of attaching bonuses.

The relative worth of Royal's higher reversionary bonus rates cannot easily be compared with Scottish Equitable's higher terminal bonus figure. It is even more problematic to try to compare the with-profit contract with other savings plans.

The time-honoured solution in the traditional life assurance market is to provide illustrations of projected benefits under the contract based on current bonus rates. These projections show that if current bonus rates are maintained over the duration of the contract, the investor can expect to receive the amount shown. But this can be misleading.

Bonus projections were introduced many years ago in times of stability when bonus rates changed little with time.

Conditions are now quite different. Reversionary bonus rates have not been cut since the Second World War. Indeed, the trend has been steadily upwards

as investment returns rose mainly because of inflation. But actuaries are forecasting cuts if interest rates fall.

The bonus declarations of both Royal Life and Scottish Equitable are relatively straightforward. By projecting "reversionary" bonuses and terminal bonuses over the duration of the contract, the investor can obtain an idea of the likely returns from each company. The results are given in the tables for 10-year and 25-year contracts.

The pitfalls of making such comparisons are obvious as there is no guarantee that life companies can even maintain their bonus rates in the future let alone increase them. At present each life company can prepare a quotation on whatever basis it likes and for too many brokers select a life company for their clients on the basis of a bottom-line figure in the quotation without looking at the underlying assumptions.

So the pressure is on life companies to provide quotations on more optimistic assumptions and add any warnings in small print.

When presented with quotations you should study the small print with care and question your broker on the implications. You should also look at the investment performance of the company.

As Norwich Union, chief Hugh Scurliff said, investment conditions over the past decade or so have never been so favourable. So if a company is projecting more than it is currently paying out, ask it why.

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Global Equity \$18.53 18.57

North American \$18.55 18.57

Japan and Pacific \$18.56 18.58

European \$18.57 18.59

U.K. \$18.58 18.60

Global Technology \$18.59 18.61

Global Energy \$18.60 18.62

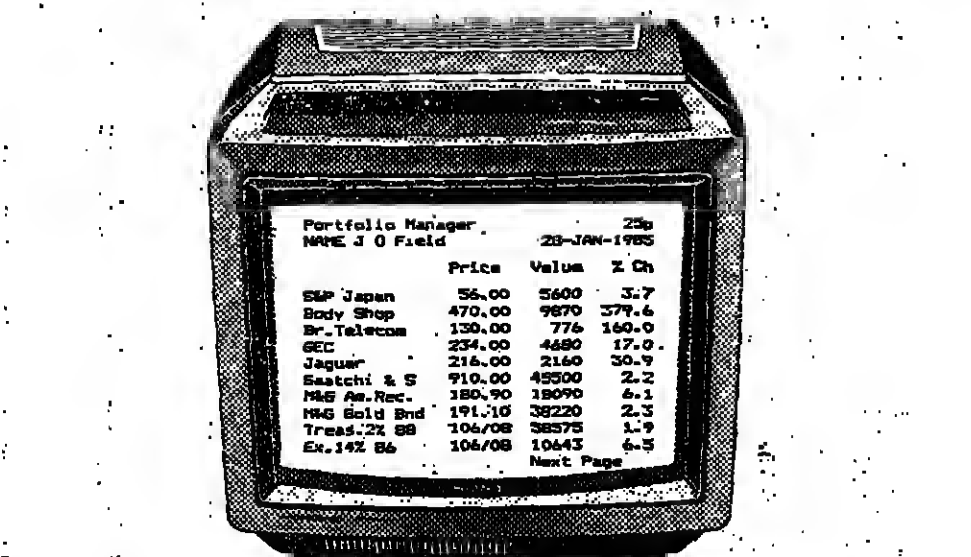
Global Leisure \$18.61 18.63

Managed Currency \$18.62 18.64

Prices as at 22nd February 1985

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This advertisement is not an invitation to subscribe for shares, and relates to a company which is to be incorporated on the 25th February 1985.

GREAT GABLE PLC

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of up to 3,000,000 Ordinary Shares of 10p each at 50p per share, payable in full on application to raise a total of up to £1.5 million.

Great Gable plc will acquire residential properties principally in Central London for development into high quality flats for immediate resale. The management team will combine property development experience with the professional skills of qualified architects and will pursue a prudent approach in conducting the business.

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Pacific Special Situations	3050	2
M&G American Recovery	2987	3
M&G American & General	2966	4
Pacific Technology	2790	5
MLA Unit Trust	2765	6
Equity & Law North American	2714	7
Barrington European	2703	8
Vanguard Special Situations	2658	9
Equity & Law Higher Income	2655	10
Capel North American	2645	11
EEM Tokyo	2625	12
Pacific North American	2621	13
Hill Samuel European	2597	14
Schroder Smaller Companies	2586	15
Oppenheimer International Growth	2565	16
Fidelity American	2536	17
Pacific Far Eastern	2531	18
Barrington Smaller Companies	2527	19
M&G Japan	2500	20
Out of	457	

*Offer to open with net income calculated. Source: Money Management.

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Profitable UNIT TRUSTS

YOUR SAVINGS AND INVESTMENTS

How to overcome infuriation

IF YOU have ever felt infuriated by the loss of a large no-claims discount as a result of a car accident which was another driver's fault, take a look at a simplified insurance policy launched last week by the Trustee Savings Bank.

The TSB Motor Insurance dispenses with the no-claims discount or bonus approach followed by nearly all other insurance companies.

Under the no-claims system, insurance companies charge a high basic premium which is progressively reduced by the No Claims Discount for each year free of a claim up to a maximum discount of 60 per cent.

A claim can set the discount back one or two years, even if the motorist considers the claim was not his fault.

The TSB has introduced different criteria for seeking out

safe drivers.

Premium rates depend on the usual factors in motor insurance — area of residence, type of car, age of car and age of driver, but within each rating, there is just one premium.

The motorist has to fulfil the following conditions:

- They must be between 25 and 74 and have driven for the last three years on a full driving licence without a motor insurance claim.
- Entitled to at least three years' NCD.
- Drive a family saloon, hatchback or estate car.
- The car must be used only for social, domestic or pleasure.
- All drivers of the car must be without motor convictions in the past three years and with no prosecutions pending.

The TSB, however, will ignore fixed penalty parking offences and up to two speeding offences.

● The motorist must not suffer from any illness or infirmity which could affect his driving.

The TSB is thus seeking the low-risk experienced driver. The contract provides cover for the motorist and spouse. If other persons are to be included in the cover then higher premiums have to be paid. The extra premium charge is on a straightforward basis—10 per cent for up to two named drivers and 20 per cent for any other driver.

The contract also incorporates other mutual features. Premiums are quoted monthly and should be paid monthly unless the motorist insists on annual payments. Premium increases, however, take place on the policy anniversary and cover is for a year.

Motorists get a free green card for driving in western Europe for periods up to 30 days. Most insurance companies

charge for green cards.

A single accident will not affect the motorist's safe driver status, though persistent accidents could cause problems if they are deemed to be the motorist's fault.

What if a motorist does not meet the safe driver conditions? The TSB contract is underwritten by Royal Insurance, and anyone not fulfilling the conditions will be advised to see the Royal or any other insurance company.

The simplicity of the contract does not make it the cheapest on the market. The TSB claims only that its rates are competitive for the drivers it wishes to attract.

If a motorist wants the cheapest insurance from a reputable insurer, he should consult a registered insurance broker specialising in motor insurance who has access to a comprehensive motor insurance rating system, such as the one operated by Quotel.

Take two examples. The first example is of a driver aged 28 living in Inner London with a new Ford Escort 1300i. The monthly premium under TSB motor insurance for cover for himself and his wife is £14.87. The top monthly premium according to the Quotel service for roughly equivalent cover is around £13.87.

Exact comparisons are difficult, since almost all insurers still quote annual premiums, with an extra charge for monthly premiums. Even so, the TSB rate is competitive.

The second example is of a 45-year-old driver living in Cornwall, owning a new Sierra 2.0GL. The monthly TSB premium for himself and wife is £10.41—a premium rate that is bettered by only two insurers.

Enter the ombudsman of banking but only for new grievances

NEWS THIS WEEK that the big banks are to set up an ombudsman to look into their customers' complaints should be welcome to the thousands of people who feel they are getting a raw deal from their banks.

Don't dig up that old grievance about the £100 your branch manager lost five years ago. When the ombudsman gets going—probably towards the end of this year—he will deal only with complaints he judges to be new.

That people are upset about the treatment they get from banks is clear. The National Consumer Council estimates that 5 per cent of bank customers have serious complaints, and a quarter of them want an ombudsman. Judging by the letters the Financial Times and other newspapers receive from readers, many fail to get satisfaction through the normal channels.

In relation to the millions of people who use the banks, and the billions of banking transactions made each year, the number of complaints are quite low. Still, individuals feel frustrated and helpless when dealing with big banks. Short of taking them to court, there is little they can do to redress a wrong which the banks do not recognise.

Although the ombudsman and his staff will be paid for by the banks, he will be completely independent and answerable to a council composed mainly of non-banking people. He will have the power to call for the files on a particular case from the bank concerned and, if he upholds the complaint, he will be able to compel the bank to make an

David Lascelles reports on the big banks effort to placate dissatisfied customers



award of up to £50,000.

"Though the public will be able to approach him directly, he will investigate complaints only when he is satisfied that the bank's own procedures have been exhausted. An important point is that once a complainant accepts the ombudsman's ruling, he forfeits the right to take further legal action."

The ombudsman will be able to investigate all types of personal complaints (including those from partnerships) against a bank, except the commercial reasons behind loan decisions. So you will not be able to object to a bank's refusal to lend you money if it thinks you are a bad credit risk.

The banks' move has been welcomed in consumer circles, not just because there is a need for an ombudsman, but because

the banks have created one, as Rachel Waterhouse of the NCC says, "with teeth". They could have restricted his power to making recommendations rather than binding rulings.

But the ombudsman's standing will depend greatly on the quality of person chosen for the job. He or she will probably be a lawyer, and the banks seem prepared to offer a decent salary to engage someone suitable.

It appears this will be the first such ombudsman in Europe. The UK insurance industry established its ombudsman five years ago, and he is generally judged to have been a success. However, he has the power to make awards of up to £100,000. The banks' £50,000 was a compromise struck between those who wanted to match the insurance industry,

and those who felt £25,000 was enough.

The banks modelled their scheme on the insurance ombudsman because he is generally judged to have been a success, even though his start was inauspicious. Only three insurance companies took the original initiative. And although an estimated 80 per cent of the insurance industry is now involved, some large insurance companies like Eagle Star have stayed away to run a rival arbitration scheme.

The trouble with arbitration from the consumer's point of view is that the finding is binding on him. If the ombudsman finds against a complainant, he can reject that finding and go to law.

The insurance ombudsman does not publicise details of the companies involved in his investigations or the size of the awards he makes. But his annual report says how many times he found in favour of companies and individuals. In 1983, he dealt with 301 cases. Of these he confirmed 232 decisions by the insurance companies and overturned 52 in favour of the complainant. In the remaining 17 cases, he persuaded the complainants that they had misunderstood their policies.

As with the banking ombudsman, the expense of the scheme is borne by the industry, so it costs a person nothing to go to him. This has led to accusations from those who lost their case that the ombudsman is in the industry's pocket. However the Council, headed by John Macintosh, is adamant that they ensure his independence.

Good news for some expatriates

BRITISH and American expatriate workers stand to gain between £900 and £2,500 as a result of the agreement between the two countries on social security.

If you are British and working in the U.S., or an American working in Britain, you will no longer have to make social security payments in both countries. But you cannot choose the system you prefer.

If a UK employee is sent to the U.S. for a period he expects to be less than five years, he will continue to be covered by the UK social security system. His employer must obtain a certificate of coverage from the

UK Department of Health and Social Security in order to avoid a demand for contributions to the U.S. system.

Similarly, an American sent to the UK should obtain a certificate from the U.S. Social Security Administration to avoid paying British National Insurance contributions.

If you are expecting to stay more than five years, you will in most cases immediately join the scheme of the country you have moved to.

In a second stage, to take effect in 1985, the new social security agreement will allow contributions to one system to be taken into account in assess-

ing benefit entitlements under the other.

Bruce Fink, of the accountants Arthur Young, says the agreement leaves it unclear in some cases whether the UK or U.S. social security system applies. But employer and employee could each save between £900 and £2,500. The onus is on you to apply for exemption from one set of contributions.

The Department of Health and Social Security has published a leaflet, SA 33, explaining the working of the new agreement.

George Graham

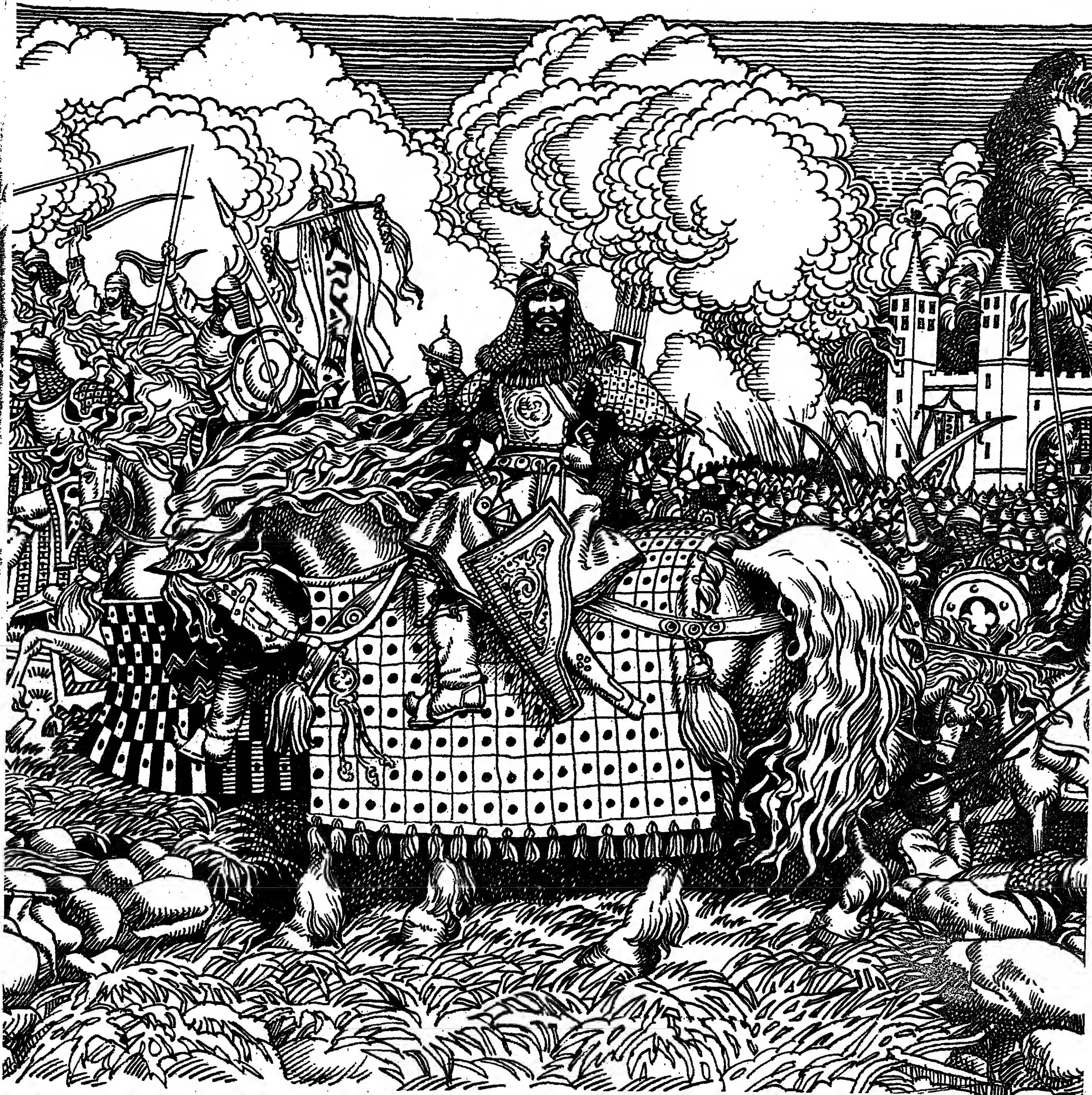
Eric Short

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. All figures are unaudited.

as at close of business on Monday 18th February 1985												as at 31st January 1985												as at close of business on Monday 18th February 1985												as at 31st January 1985												Total Return on N.A.V. over 5 years to 31.1.85											
Total Net Assets (£ million)	INVESTMENT POLICY (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.1.85 (12) base=100	Total Net Assets (£ million)	INVESTMENT POLICY (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.1.85 (12) base=100	Total Net Assets (£ million)	INVESTMENT POLICY (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.1.85 (12) base=100																								
459	CAPITAL & INCOME GROWTH	Independently managed	685	3.0	898	39	49	7	5	93	344	70	Comm. & Energy (cont.)	Ivory & Sims	79	2.0	118	36	62	-	-	-	118	161	104	Bankers	Touché, Remnant	537	5.3	722	36	25	-	-	29	97	231																						
104	Bankers	Touché, Remnant	100	3.5	126	44	41	10	5	106	266	16	Viking Resources	Edinburgh Fund Mgrs.	107	5.3	123	14	86	-	-	-	86	195	316	British Investment Trust	Independently managed	353	5.1	502	43	39	-	-	-	-	-																						
248	Border & Southern	John Gove	169	2.8	220	44	27	17	7	107	286	12	Technology	Baillie Gifford Tech. (w)	96	-	107	50	39	2	-	-	46	+	55	Chatter Trust & Agency	Independently managed	105	3.5	125	32	36	9	3	99	250																							
316	British Investment Trust	Independently managed	353	5.1	502	43	39	17	7	107	286	63	British American & Gen.	Robert Fleming	159	2.0	213	35	39	21	2	2	91	318	177	Drayton Premier	Montagu Inv. Man.	310	0.2	363	18	78	-	4	97	+																							
73	Brunner	Kleinwort Benson	73	3.9	100	47	36	6	11	85	238	317	Independent	TR Technology	99	2.4	134	33	47	16	4	4	102	315	568	General Consolidated	Foreign & Colonial	141	2.5	189	39	25	17	9	105	+																							
85	Charter Trust & Agency	Independently managed	105	3.5	125	32	36	9	3	99	250	117	INCOME GROWTH	Aberdeen	174	5.4	206	70	38	1	1	1	95	263	718	Globe	Electra House Group	270	4.3	356	63	26	-	-	-	-	-																						
134	Continental & Industrial	Schroder Wagg	642	4.0	776	57	41	-	2	301	292	265	British Assets	Dunedin Fund Managers	262	3.3	-	46	54	-	-	-	100	503	101	Joe Holdings	Kleinwort Benson	106	4.2	339	77	16	4	3	96	267																							
177	Drayton Premier	Montagu Inv. Man.	404	4.5	561	56	27	14	3	95	+	24	First Scottish American	Henderson	250	3.7	282	89	7	1	3	-	105	424	38	London & Strathclyde	Gartmore	182	1.8	208	46	48	1	5	98	314																							
536	Edinburgh Investment (w)	Dunedin Fund Managers	113	3.3	154	46	38	9	7	105	315	132	Merchants	Kleinwort Benson	94	4.3	125	52	31	8	9	91	275	101	Meldrum	Gartmore	171	3.4	215	71	29	13	10	105	272																								
598	Foreign & Colonial	Philip Hill	256	5.1	312	54	42	-	7	92	263	119	Murray Income	Murray Johnstone	115	5.6	135	76	31	2	1	1	92	334	480	TR Industrial & General	Touché, Remnant	149	3.2	215	43	24	26	7	101	281																							
718	General Consolidated	Philip Hill	256	5.1	312	54	42	-	7	92	263	146	Securities Trust of Scotland	Martin Currie	120	4.4	163	53	30	14	2	2	109	293	10	United Kingdom	Hambros Bank	212	4.4	349	99	1	-	-	-	-	-																						
299	Globe	Electra House Group	270	4.3	356	63	25	-	7	5	102	180	Smaller Companies Int.	Edinburgh Fund Mgrs	232	3.4	322	43	40	9	8	96	273	26	New Court	Stancourt Assets	238	7.4	193	96	2	-	-	-	-	-																							
9	Philip Hill	Philip Hill	252	5.2	308	69	28	-	2	96	294	178	TR Trustees Corp.	Throgmorton Inv. Man.	135	3.6	185	57	24	8	1	107	364	7	Shires (w)	Touché, Remnant	83	5.3	107	87	12	-	-	-	-	-																							
36	Jos Holdings	Kleinwort Benson	106	4.2	339	77	16	4	3	96	267	167	Throgmorton (w)	Throgmorton Inv. Man.	226	4.7	288	55	13	2	-	-	112	306	110	Temple Bar	Elecca House Group	121	5.5	142	96	4	-	-	-	-	-																						
38	Keystone	Warburton Inv. Man.	384	3.7	494	54	30	14	2	103	314	63	SPECIAL FEATURES	Alia	101	2.0	125	41	33	16	10	96	+	235	Capital Growth	General	294	2.8	384	42	36	17	6	113	305																								
134	London & Strathclyde	Gartmore	182	1.8	208	46	48	1	5	98	314	144	Consolidated Venture (w)	Montagu Inv. Man.	116	1.0	137	61	20	-	-	-	86	239	156	Asiatic	Schroder Wagg	118	0.6	144	22	74	-	4	96	278																							
101	Outch	Baring Brothers	137	2.0	185	56	21	13	10	105	272	19	Family	Robert Fleming	105	4.1	146	75	19	5	1	85	267	177	Scottish Mortgage	Baillie, Gifford	397	2.4	515	38	39	18	5	96	353																								
81	River & Mercantile	Tarbutt & Co.	134	4.8	196	55	34	8	3	94	+	37	Fleming Fledgling	John Gove	155	2.2	207	46	52	1	1	92	242	436	Scottish National	Gartmore (Scotland)	237	2.6	210	46	38	-	7	9	107	305																							
35	River Plate & General (w)	Save & Prosper Group	85	1.0	129	78	22	-	-	163	353	12	General Stockholders	Gartmore (Scotland)	118	2.5	151	45	42	2	11	-	102	249	151	Scottish Northern	Paul & Williamson	127	2.7	169	69	25	2	4	94	347																							
436	Save & Prosper, Ret. of Assets (w)	Save & Prosper Group	85	1.0	129	78	22	-	-	163	353	25	London Atlantic	Investors in Industry	156	5.2	201	61	20	-	-	-	95	242	480	TR Industrial & General	Touché, Remnant	149	3.2	215	43	24	26	7	101	281																							
217	Scottish Mortgage	Baillie, Gifford	397	2.4	515	38	39	18	5	96	353	49	Moorgate	Philip Hill	267	5.4	301	69	5	-	-	6	91	290	10	United Kingdom	Hambros Bank	212	4.4	349	99	1	-	-	-	-	-																						
177	Scottish National	Gartmore (Scotland)	237	2.6	210	46	38	-	7	9	107	180	North British Canadian	St Andrew	305	3.6	426	54	29	15	2	-	101	267	26	New Court	Stancourt Assets	238	7.4	193	96	2	-	-	-	-	-																						
151	Second Alliance	Independently managed	586	3.5	774	39	49	-	7	5	94	178	Scottish American	Stewart Fund Managers	332	3.4	320	40	35	14	10	98	+	78	International	GT Management	192	0.7	213	40	35	12	13	118	369																								
480	TR Industrial & General	Touché, Remnant	149	3.2	215	43	24	26	7	101	281	167	Stewart Fund Managers	Stewart Fund Managers	35	1.7	50	41	35	14	10	98	+	154	American	Edinburgh Fund Mgrs.	153	2.4	161	20	80	-	-	-	-	-																							
394	Witan (w)	Henderson	157	2.4	209	50	21	13	6	109	344	80	TR Property	Touché, Remnant	337	3.4	180	66	18	3	13	100	246	147	Fleming American Secs.	Robert Fleming	560	1.3	688	2	97	-	-	-	-	-																							
10	United Kingdom	Hambros Bank	212	4.4	349	99	1	-	-	95	269	63	SPLIT CAPITAL (x)	Gartmore	501	0.1	616	96	2	-	2	-	97	399	160	Stockholders	John Gove	141	2.3	177	24	74	-	-	-	-	-																						
26	Planning Glenborough	Robert Fleming	253	4.9	323	100	95	2	1	2	105	14	ALFUND	Alfund	501	0.1	616	96	2	-	2	-	97	399	94	TR North America	Touché, Remnant	239	2.2	259	5	95	-	-	-	-	-																						
23	New Court	NM Rothschild	350	5.4	458	95	2	-	-	1	2	22	Child Research	City & Commercial	578	-	672	90	5	4	1	1	111	279	154	Far East	J. Rothschild	109	-	115	-	-	76	24	94	+																							
110	Shires (w)	Touché, Remnant	83	5.3	107	87	12	-	-	1	104	37	City & Commercial	Montagu Inv. Man.	578	-	672	90	5	4	1	1	111	279	59	CJR Pacific (w)	Montagu Inv. Man.	143	1.1	159	4	-	52	44	96	+																							
82	Temple Bar	Elecca House Group	121	5.5	142	96	4	-	-	94	+	37	Dualvest	Montagu Inv. Man.	1062	-	1260	89	10	1	-	-	110	+	28	Far Eastern (w)	Drayton Jap. Man.	163	3.1	194	13	24	37	26	98	269																							
235	Anglo-American Securities	Morgan Grenfell	424	2.8	384	42	36	17	6	113	305	22	Fundinvest	Montagu Inv. Man.	300	-	405	88	6	5	1	1	110	+	107	Planning Far Eastern	Robert Fleming	302	0.9	374	2	-	71	27	93	341																							
56	Asiatic	Schroder Wagg	118	0.6	144	22	74	-	-	4	96	29	Marine Adventure Sailing	Throgmorton Inv. Man.	31	-	69	99	-	-	-	-	161	+	177	Lake View	Edinburgh Fund Mgrs.	328	2.1	384	13	5	60	32	100	296																							
178	Atlantic Assets	Ivory & Sims	332	0.6	274	14	80	-	1	5	109	37	New Throgmorton (1983) (w)	Throgmorton Inv. Man.	301	-	473	100	-	-	-	-	124	+	35	New Australia	Touché, Remnant	287	2.9	114	7	-	93	100	271	+																							
132	Edinburgh Amer. Assets	Ivory & Sims	332	0.6	274	14	80	-	1	5	109	41	Nineteen Twenty-Eight	Stewart Fund Managers	176	4.5	217	95	4	-	1	1	92	261	79	TR Australia (w)	Touché, Remnant	287	2.9	114	7	-	93	100	271	+																							
67	Electric & General	Henderson	282	1.7	368	47	40	11	2	101	331	80	Stewart Enterprise (w)	Stewart Fund Managers	35	1.7	50	41	35	14	10	98	+	125	TR Pacific Basin (w)	Touché, Remnant	287	2.9	114	7	-	93	100	271	+																								
24	Greenfriar (w)	Henderson	210	1.1	255	60	19	12	9	107	388	80	TR Property	Touché, Remnant	337	3.4	180	66	18	3	13	100	246	154	American	Edinburgh Fund Mgrs.	153	2.4	161	20	80	-	-	-	-	-																							
78	International	GT Management	192	0.7	213	40	35	12	13	118	369	22	ALFUND	Alfund	501	0.1	616	96	2	-	2	-	97	399	147	Fleming American Secs.	Robert Fleming	560	1.3	688	2	97	-	-	-	-	-																						
104	English & New York	Kleinwort Benson	104	3.4	128	28	50	11	10	103	312	22	Child Research	City & Commercial	578	-	672	90	5	4	1	1	111	279	160	Stockholders	John Gove	141	2.3	177	24	74	-	-	-	-	-																						
79	F & C Eurotrust	Foreign & Colonial	140	1.6	137	15	-	-	-	85	128	37	City & Commercial	Montagu Inv. Man.	578	-	672	90	5	4	1	1	111	279	94	TR North America	Touché, Remnant	239	2.2	259	5	95	-	-	-	-	-																						
222	Fleming Overseas	Robert Fleming	129	2.5	161	10	55	16	19	87	312	22	Dualvest	Montagu Inv. Man.	1062	-	1260	89	10	1	-	-	110	+	59	CJR Pacific (w)	Montagu Inv. Man.	143	1.1	159	4	-	52	44	96	+																							
89	Fleming Universal	Robert Fleming	129	2.5	161	10	55	16	19	87	312	22	Fundinvest	Montagu Inv. Man.	300	-	405	88	6	5	1	1	110	+	107	Planning Far Eastern	Robert Fleming	302	0.9	374	2	-	71	27	93	341																							
73	Gartmore Inform. & Fin. (w)	Gartmore	82	2.5	76	36	56	4	4	124	304	29	Marine Adventure Sailing	Throgmorton Inv. Man.	31	-	69	99	-	-	-	-	161	+	177	Lake View	Edinburgh Fund Mgrs.	328	2.1	384	13	5	60	32	100	296																							
27	Group Investments (w)	C.S. Investments	248	2.2	312	41	54	1	4	100	849	37	New Throgmorton (1983) (w)	Throgmorton Inv. Man.	301	-	473	100	-	-	-	-	124	+	35	New Australia	Touché, Remnant	287	2.9																														

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PROPERTY

What to do with a Scottish castle?

BY JUNE FIELD

WHAT DO you do with an historic castle that has outgrown its use as a family home? At Dunrobin, seat of the Countess of Sutherland, they tried a boarding school along the lines of Gordonstoun, but inaccessibility (it is the most northerly of Scotland's great houses), led to its closure after a few years.

Now the major part of the 15th century castle where Queen Victoria used to stay, has this week been sold for timeshare, acquired by Hapimag holiday property club with its headquarters in Basel, Switzerland. (Founded in 1963, the company claims some 30,000 timeshare owners over 1,500 properties in 11 European countries, with paid-up assets exceeding £50m).

The Dunrobin development will consist of a period "village" in the grounds with 150 cottages complete with cobbled streets and Celtic Cross, plus about 25 studio-apartments in the castle where the Sutherlands will still retain their private quarters. Shares cost around £3,000 or so, which provides a family of four with a rent-free stay for a week each year in perpetuity. And the "village" can be swapped with other resorts.

Hapimag's UK representative, Alexander Smith, Comer International, Fairview Road, Timperley, Cheshire, estimates that the scheme will bring in at least £4m annually in hard overseas currency, as well as providing much needed local employment.

With fresh stock coming up all the time, one cannot always expect "second-hand" units to be easy to turn over, admits Barratt re-sale manager John Coxhead, while reporting that around £700,000-worth of weeks has changed hands in re-sales since 1975. (Both buyer and seller have to pay 15 per cent commission plus VAT if selling is done through his section). He maintains that "many owners have made considerable profits, although we always warn that timeshare is not a short-term investment." For a booklet *All the Facts on Timeshare*, contact Frank Chapman, Barratt Multi-Ownership, 6 Half Moon Street, London, W1.

Careful thought and proper legal advice should always be taken before buying any timeshare. Although low-season weeks in some developments are still under £1,000, now that prime-time (usually school holidays) is starting to approach £8,000 or so, a timeshare is not something to be bought casually over the coun-



Dunrobin Castle, Golspie, in the Scottish Highlands, seat of the Countess of Sutherland, where the main property has been acquired for a multi-million pound holiday development. Details: Comer International 061-904 9750

ter. Remember, there will be management fees of between £45 to £100 a year for each week bought.

There are some bargains around though. At Broome Park, Canterbury, Kent, where Regency-style villas have been built in the grounds of Lord Kitchener's old home, prices have been marked down nearly 50 per cent if you complete a purchase before the end of the month. For instance a March

week at £2,450 is going for £1,225, and you can buy in August for £2,975, both figures plus VAT. (Details John Wythe, 0227 831701.)

For those who want expert advice on the whole subject, solicitor James Edmunds' book *International Timesharing* is required reading. It is £18.50 plus £1.50 postage from Services to Lawyers, Unit 1, Robin Hood Works, Knaphill, Woking, Surrey.

ON THE MARKET...

● Ringwood House, in 6½ acres in Kent, nine bedroom home in two units, designed by Sir John Soane about 1818, the working drawings of which can be seen in the Soane Museum in London's Lincoln's Inn Fields. G. W. Finn & Sons, Sandwich, Kent, is inviting offers in the region of £180,000.

● Winterfold House, in 4½ acres near Guildford, close to National Trust land, was built about 1861 in the Queen Anne style for Viscount Alverstone, Lord Chief Justice of England, and was later the home of King George V's Granville. Surrey office is quoting a guide price of £275,000.

● Annies Cottage, Braintree, near Southampton, home of British Olympic yachtsman Chris Law, is for sale at £49,950 through Jackson and Jackson's Ramsey office.

● Groveley Farm, Dallington, is believed to be the last stone east in Sussex, now a three bedroom home and studio with a swimming pool. Braxtons, Heathfield, East Sussex has issued a guide price of £115,000 and offers are expected before auction.

● Sandbourne Stud, in 34 acres at Bourne Bank, Worcestershire, home of a number of successful show ponies including Harmony Bubblying Champagne, and Bridesmaid of Rosewood, is for sale in excess of £300,000 through Knight Frank and Rutley's Chipping Norton office, and Andrew Grant, Worcester.

● The Luckman Park Estate in 272 acres in Wiltshire, where over 200 winners have been trained, is expected to go to auction on Tuesday March 19. Humberts, Chippingham, and Loveday and Loveday, Swindon, are looking for over £1m for the Georgian house of Bath stone, racing stables for 90, manager's house, hotel, lodges and gardeners' cottages.

GARDENING

Sowing seeds of success

BY ARTHUR HELLIER

PARTICULARS of the two Fleuroselect seed plant varieties for 1985 are just to hand. They are Rubbeduck Goldlocks and Gazania Mini-Star Tangerine but before I say more about them I had better explain what Fleuroselect is.

It is a seed trade organisation for the trial of new varieties of plants from seed in numerous places in Europe, including Britain. Unlike the flower seed trials of the Royal Horticultural Society which are judged by mixed panels of professional and amateur gardeners, Fleuroselect judges are all professionals, and its awards are always very restricted. Though it can give gold, silver and bronze medals, no gold has ever been awarded since trials commenced in 1970 and there have only been two silvers in the same period. All the rest have been bronze and that is what this year's newcomers have got.

Though the trials were actually held some time ago, the award winning varieties are not released until sufficient seed has been produced to make them freely available and that is now the case with Goldlocks and Mini-Star Tangerine.

In my view Rubbeduck Goldlocks is the better of these two 1985 releases and I would not have been surprised if it had won a silver as did Lavatera Silver Cup in 1979. As a garden plant it seems to me to be in the same class. It is British raised, a development from the well known Rubbeduck Marmalede, differing from it in having several rows of petals instead of only one. So there is a more solid display of colour.

Rubbeduck Goldlocks is 2 ft high and 12-18 ins in diameter. The daisy-type flowers are 3-4 in across, marigold yellow with a black central disc. Seed can be sown in early spring or early autumn and my own seedlings, from an October sowing, are overwintering quite happily in an unheated greenhouse.

Fleuroselect recommends a temperature of 21 degrees C (70 degrees F) for germination and says that three months is necessary to produce saleable plants, which emphasises the need for either early spring or early autumn sowing. Fleuroselect also suggests that to get plants to flower earlier seedlings, after being picked out, should be given artificial lighting for six weeks to extend day length to 16 hours but that is for professionals or enthusiasts only. My Goldlocks will have to make do with the natural daylight of Sussex and I am sure they will



not object.

Gazania Mini-Star Tangerine is also a development from a variety we already know, Mini-Star Yellow, and differs from it solely in flower colour which is angrier orange, not daffodil yellow. Both are excellent plants, perennials, not annuals, but coming true from seed and probably most economically produced in that way though I am sure that many gardeners will overwinter plants in frost proof greenhouses or frames or even on sunny window ledges and may propagate them by summer cuttings just like other gazanias.

The Mini-Star flowers are small by comparison with some modern giant strains such as Sundance, 2-3 in across, but none the worse for that as they look natural and are very freely produced. They also open readily as the sun gains power each day and the plants are short and compact.

Seed really does need a temperature of 21 degrees C (70 degrees F) for quick and safe germination and Fleuroselect makes the rather vague recommendation that damping off should be avoided with "the standard chemicals".

I do not know precisely what the writer has in mind but my suggestion would be thiram. But no chemical treatment should be necessary if fresh peat-based compost is used and hygienic conditions are maintained. But do not forget that gazanias are South African sun lovers useless in dark cold wet places.

Looking back a year I see that the two Fleuroselect winners for 1984 were then both closely related bedding geraniums. One was Scarlet Diamond, which actually received one of those rare silver medals, the other Cherry Diamond, a colour variation from it.

Notes I made when I saw them on trial were that Scarlet Diamond started to flower exceptionally early and

had more open flowers than any other variety on trial and that Cherry Diamond was a cherry red version of it but not quite so free flowering.

Since then both have been well received and are freely available but my favourite of the new geraniums is pink and white Hollywood Star, which has won no medals but is very beautiful in containers or summer flower borders.

A plant that is not new but certainly novel is Chrysanthemum multicaule Gold Plate. The fancy name for this little Algerian wild plant give a false impression of size for, though the flowers are certainly golden, there is nothing plate-like about them. Gold Coin might have been better.

They are little single daisies produced abundantly on prostrate stems ideal for rock garden window box or ground cover in any sunny place. This is half hardy annual and I can only find it in Unwins (Histon, Cambridge) catalogue. Not a plant for Fleuroselect awards but one to make your gardening friends stop and ask questions.

Since I wrote about Kenyan wild flowers several readers have recommended Sir Michael Bindell's book *The Wild Flowers of Kenya*, published by Cassell, and Sir Michael has himself written on a second volume with 500 illustrations in colour and 800 or so in text which will be ready in about two years.

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12000 sq ft and 2000 sq ft, 1000 sq ft, 500 sq ft, 250 sq ft, 125 sq ft, 62.5 sq ft, 31.25 sq ft, 15.625 sq ft, 7.8125 sq ft, 3.90625 sq ft, 1.953125 sq ft, 0.9765625 sq ft, 0.48828125 sq ft, 0.244140625 sq ft, 0.1220703125 sq ft, 0.06103515625 sq ft, 0.030517578125 sq ft, 0.0152587890625 sq ft, 0.00762939453125 sq ft, 0.003814697265625 sq ft, 0.0019073486328125 sq ft, 0.00095367431640625 sq ft, 0.000476837158203125 sq ft, 0.0002384185791015625 sq ft, 0.00011920928955078125 sq ft, 0.000059604644775390625 sq ft, 0.0000298023223876953125 sq ft, 0.00001490116119384765625 sq ft, 0.000007450580596923828125 sq ft, 0.0000037252902984619140625 sq ft, 0.00000186264514923095703125 sq ft, 0.000000931322574615478515625 sq ft, 0.0000004656612873077392578125 sq ft, 0.00000023283064365386962890625 sq ft, 0.000000116415321826934814453125 sq ft, 0.0000000582076609134674072265625 sq ft, 0.00000002910383045673370361328125 sq ft, 0.000000014551915228366851806640625 sq ft, 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HOW TO SPEND IT

Thoroughly modern cashmere

IN OUR London road, a sprinkling of ice still lies lurking in corners, more local than the legendary banana-skin, ready to trip up the unprepared. Our central heating is on full blast, the weather reports predict sleet and snow. And the shops, wouldn't you know, are full of bikinis and skimpy summer cottons.

So if you feel like stocking-up on woollies where do you go? Well, you could try starting at The Scotch House where cashmere and British knits are an all-the-year-round business. A true-blue traditional firm which has long been a compulsory stopping-off post for any well-heeled tourist, it has been primarily sought-after for its classic garments made from materials of impeccable quality. Nobody has thought to go to it for high-fashion.

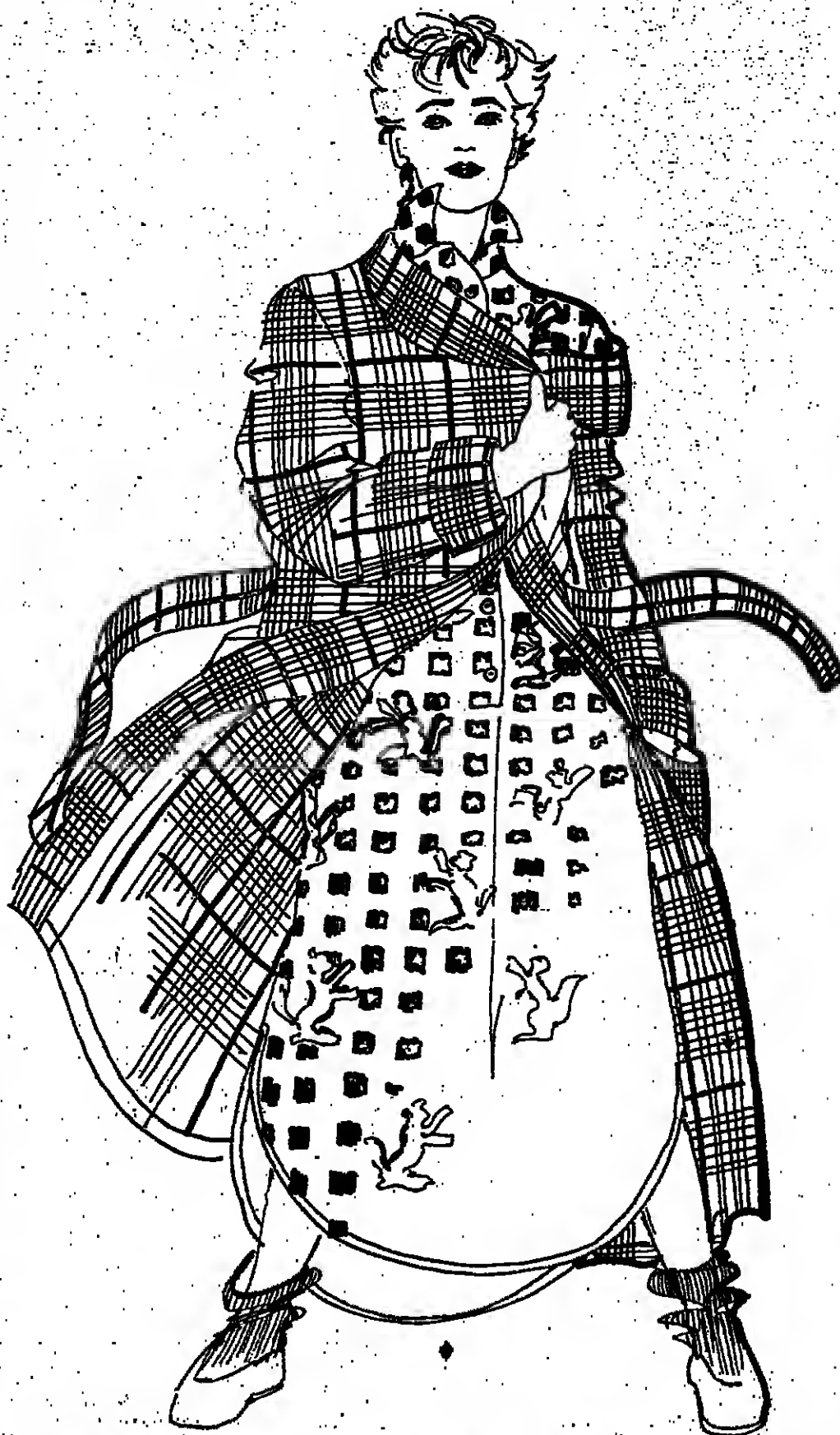
However, things are changing. Not too fast, of course. Not enough to shock or startle but enough, if the judgment is right, to bring in a whole new generation of home-grown customers who want more than a traditional shape in fine wool—they want a certain amount of fashionability as well.

Of all the new ranges probably the most interesting is its collection of cashmere. Classic round-necks, crew-necks and cowl-necks have been the staple of the collection and will probably always be in demand, but look carefully among the shawls. There you will see cashmeres with the subtle detailing that spells today instead of yesterday. Many have deeper armholes, wider bodies, some have dropped sleeves, there are low-necked longline Twenties-style shawls and crinkling ones with deep v-necks that wouldn't look out of place at Lords. Then there are fifty skinny-ribs, reflecting the Fifties influence and chunky cable-knits with interesting collar-lines.

The main branch of The Scotch House in Knightsbridge has been so encouraged by increasing cashmere sales that it has given over a corner entirely to them and calls it The Cashmere Shop. Already it is hugely successful. For summer look out for finer, single-ply cashmeres in cream, baby blue, lemon yellow, sugar pink.

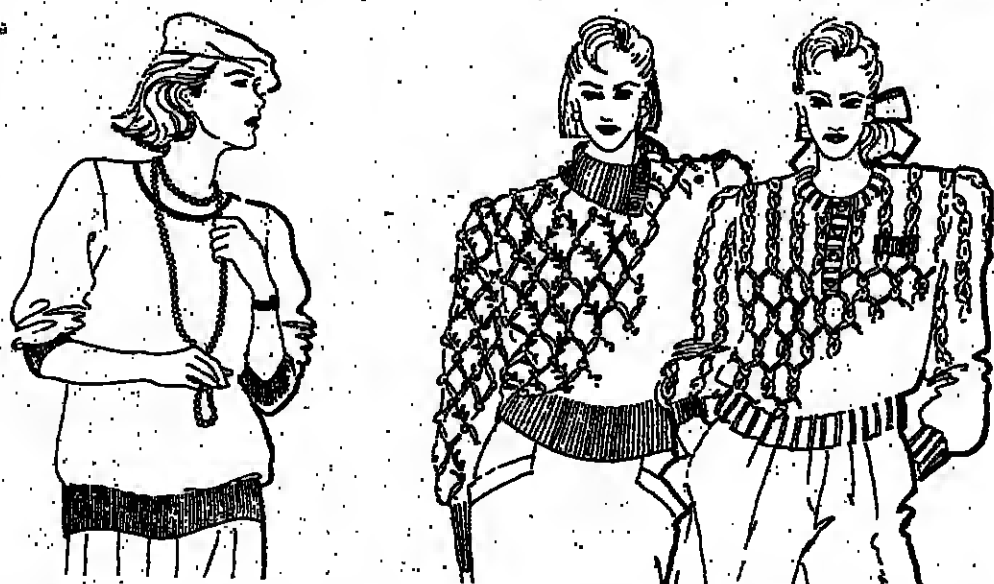
The traditional trousers have been given equally subtle treatment—many of the materials used are still the same (though a few more, like grey flannel, have been added) but the shapes are all easier and infinitely more comfortable. As Jean Bennett, The Scotch House PRO, who has worked with it on updating the image, puts it: "Too many English women stuff themselves into trousers that are too tight—it's bad for the appearance, bad for the health and certainly bad for the trousers. Almost any woman can look slim in a pair of trousers that are well-cut and bang loose." So bigger, looser trousers made from the same high quality fabrics with pleated fronts are on the rails. As for the night-wear—if the new nightshirts aren't seen being worn on the streets Jean Bennett is personally going to be very disappointed. The collection uses some traditional fabrics (the ever-popular tartans, grouse and medallion designs) and some very up-to-the-minute soft, flowered cottons. There are dressing-gowns with easier, seamier sleeves, deeper armholes, better wrap and a good long length which co-ordinate with the capacious pyjamas or nightshirts. In Viyella, they are perfect for draughty houses; in cotton, lovely for summer.

All this is now available in more and more towns throughout the country. Scotch House shops in Chester, Blackpool, Guildford and Cardiff have recently opened and up to 20 more are planned for the coming year.



Roomy Viyella dressing-gown in traditional prints and tartans are £95 (p+p £1.32, insurance 65p). It co-ordinates with 100 per cent cotton nightshirts—this one sports a rampant lion, £65 (p+p £1.32, 55p insurance) from The Scotch House, 2-12 Brompton Road, Knightsbridge, London SW1.

Drawings by Celia Baker



Above left to right, Roomy, long-line Twenties-style cashmere jumper, a Ben Frankel design for Ballantyne. In a wide range of colours, including a soft corn yellow, it is £125. A hand-knitted asymmetrical-coloured jumper in a wide range of colours, designed exclusively for The Scotch House, £185. Another new-look cashmere jumper, this time in a chunky rib and again in lots of colours. The Scotch House own label, £195. All can be posted for £1.32 each, insurance is 75p, £1.10 and £1.15 respectively.

Potted Versions

BY PHILIPPA DAVENPORT

HOME-MADE thick cut Seville orange marmalade is hard to beat for breakfast. But there are two things I hold against it. First, the bitter orange season is maddeningly brief, often over before I've managed to slot a marmalade-making session into my schedule. Second, cutting the peel by hand is both tedious and very time consuming. (I know it can be done in minutes using a food processor or mincer, but the results are very uneven.)

In contrast the jelly marmalade recipe given below presents no such problems and, in addition to making a delicious breakfast-time preserve, I find it valuable as an ingredient in cooking. It is a less cloyingly sweet than the usual apricot glaze given to fruit tarts, and it is more sophisticated than the raspberry jam traditionally used in that best of all follow-ups to the Sunday roast, Queen of Puddings.



Pauline Rosenthal

PINK GRAPEFRUIT AND LEMON JELLY MARMALADE

Makes about 5 lb

2 pink grapefruit, 4 lemons, 4 pints water; 3 lb preserving or granulated sugar.

Pare the fruit, using long strokes of a citrus zester to remove the aromatic rind in ribbon-like shreds, and reserve. Quarter the pared lemons and cut the pared grapefruit into one-eighths. Put both fruits into a food processor and reduce to a pulp.

Put the pulp into a large pan, and 3 pints of water and the shreds of zest tied up in butter-muslin. Cover tightly and simmer for one hour. Remove and reserve the bag of shreds. Cover the pan again and sim-

mer for one hour more. Tip the contents of the pan into a scalded jelly bag and let it drip for ten minutes. Return the pulp to the pan, add another pint of water and simmer for 20 minutes. Strain as before but leave to drip for 45 minutes.

Put all the strained juices into the cleaned out pan. When warm add the sugar and stir over low heat until the sugar has completely dissolved. Then add the shreds and fast boil until setting point is reached. Dip a wooden spoon into the marmalade and twirl it to cool it slightly. If setting point has been reached, the marmalade will not drip runnily from the spoon but will congeal into "flakes".

Skim then cool for 10-15 minutes before stirring well to

suspend the shreds in the jelly. Put in clean warm jars and cover immediately with waxed paper discs. Tie down when cold.

MARMALADE QUEEN OF PUDDINGS

(serves 5-6)

1 pt creamy milk; the finely grated zest of 1 lemon, orange or grapefruit; 2 oz butter; 3-4 oz caster sugar; 5 oz fresh breadcrumbs; 4 large eggs; 4-5 tablespoons jelly marmalade (preferably pink grapefruit and lemon).

Scald the milk with the citrus zest in a medium-sized saucepan. Away from the heat, stir in the diced butter and 1 oz sugar. When melted, stir in the breadcrumbs and set the pan aside for 10 minutes.

Separate the eggs and beat the yolks, one at a time, into the swollen breadcrumb mixture. Turn the creamy custard into a well buttered pie dish of 2 1/2 pt capacity and bake at 350 F (180 C) gas mark 4 for 25-30 minutes until barely set. Warm the marmalade in a small pan. Whisk the egg whites to stiff snowy peaks, gradually beating in 2-3 oz caster sugar depending on the degree of sweetness you like.

Carefully spoon the warm marmalade over the surface of the pudding, and pile the meringue on top, taking it onto the rim of the dish to seal the custard inside.

Return the dish to the oven and bake for about 15 minutes until the billowing clouds of meringue are softly set and streaked with pale gold. Serve hot or warm with pouring cream.

by Lucia van der Post

This and That

RIGHT IN TUNE with today's mood for soft, fresh country-house prettiness is Richard Ginori's 240-year-old design, Granduca. The founder of one of the world's oldest porcelain companies, begun in 1735, near Florence, Ginori is being celebrated in a special exhibition of the company's porcelain currently on show at Liberty of Regent Street, London W1. The porcelain is of the finest quality, and designs spanning the company's entire history will be on display. However, star of the show is undoubtedly Granduca which has not been in production since 1755 until the company decided to resurrect it for the 250th anniversary of the founding of the company. Granduca, and five other Ginori designs, will be held by Liberty as part of its regular stock after the exhibition is over. Porcelain of this quality isn't cheap—for instance, a 10 1/2 in dinner plate is £24.65, the 3.55-litre tureen is £232.55, while a teacup and saucer are £26.50.



EVER SINCE my husband, when recovering from pneumonia, was prescribed a quarter-bottle of champagne before lunch and dinner and thereafter made a record recovery we have tried similarly to live up the hospital days of our friends and relations when they were ill. Until you've tried it you have no idea how difficult it is to find anybody prepared to take orders by telephone and then deliver it to the given address. Which is why the address of The London Champagne Service, 48, Wicklow Street, London WC1X 9HL has found its way firmly into my Plofax. (Tel: 01-278 6199)

It deals only in champagne, in all the leading names and sizes, from quarter bottles (though they are, as everywhere, very expensive when compared with the cost of full bottles) up to the giant Salamanazar and including the very fashionable pink champagne as well as the ultra dry.

The minimum order is a case but it can be delivered to any address you name, with deliveries outside London being subject to an additional charge.

Careful perusal of the price list leads me to the conclusion that buying quarter-bottles is in fact a bad idea—a case of 48 quarters of non-vintage, Mumm or Moët et Chandon is £105 a case, while a case of 24 halves of the House Selection is 67—whilst a case of full bottles of House Selection is just £53—much better to buy the full bottles and a good champagne stopper.

Antique lustreware is much sought-after and fetches fancy prices in posh antique shops but those who love the burnished tones of this very special ware might like to know that antiques aren't the only option.

A few modern potters still produce lustreware today, among them a Cambrian potter, Tobias Harrison, who is making some particularly attractive handthrown jugs and lamp-bases. He glazes them in his

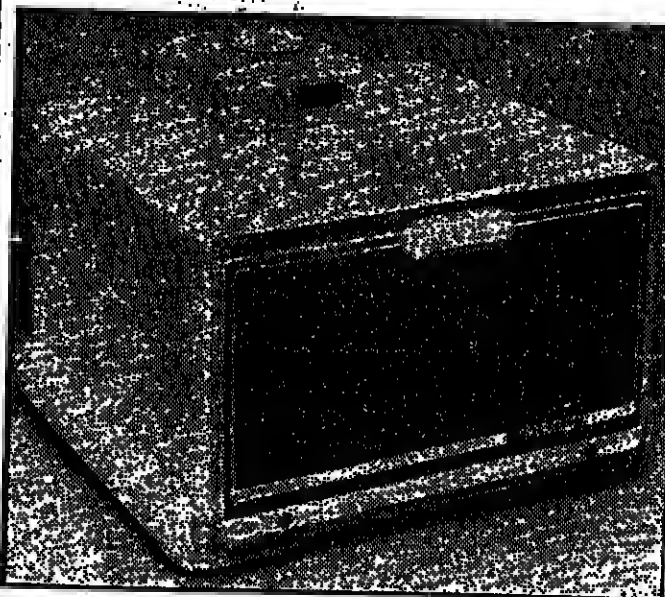
own inimitable way to get the rich, glowing colours typical of the ware.

The three jugs pictured here are all on sale at Toulemonde-Bochart at Divertiment, 139-141, Fulham Road, London, SW3. The smallest is 3 1/2 in high (£18.99), the medium size is 3 1/2 in high (£20.50), while the largest is 4 1/2 in high (£21.75). Also in the range are three sizes of lamp base—12 in high (£38.35), 13 in high (£42.63) and 15 in high (£46.02).

BACK SUFFERERS in the north might be interested to know that there is a back-care supplier in Kearsley, Lancashire, which will supply them with most of the known existing aids. The Posturite Back Care Emporium is at 5-7, Bolton Road, Kearsley, Bolton, Lancashire—10 particular it sells the Balans range of chairs (described on this page a few weeks ago) and it is happy to offer them on a free, no obligation three-day trial to interested readers.

THE RESPONSE to the Heat Pak I mentioned last week has been such as to suggest that half the country could do with being a lot warmer. For the old, for those who live in houses it isn't possible to heat properly or for those who just feel the cold abnormally badly, there is a new "cotton sleeper" which helps to keep chilly mortals warm in bed. Based on an old Chinese solution, the cotton sleepers are made of very thick (almost 2 in) light sandwich of natural raw cotton, which is used as an underblanket. Cotton, it appears, has the unique quality of being able to absorb and disperse moisture. Much cold at night is caused by the "refrigeration effect" which happens when moisture evaporates. The cotton sleeper helps prevent this heat loss. They come in three sizes, single £39.50, double £53.50 and large double £62.50 from Cottonfields, 37, Kew Road, P.O. Box 43, Richmond, Surrey TW9 2NF.

Weights and Means



LEFT

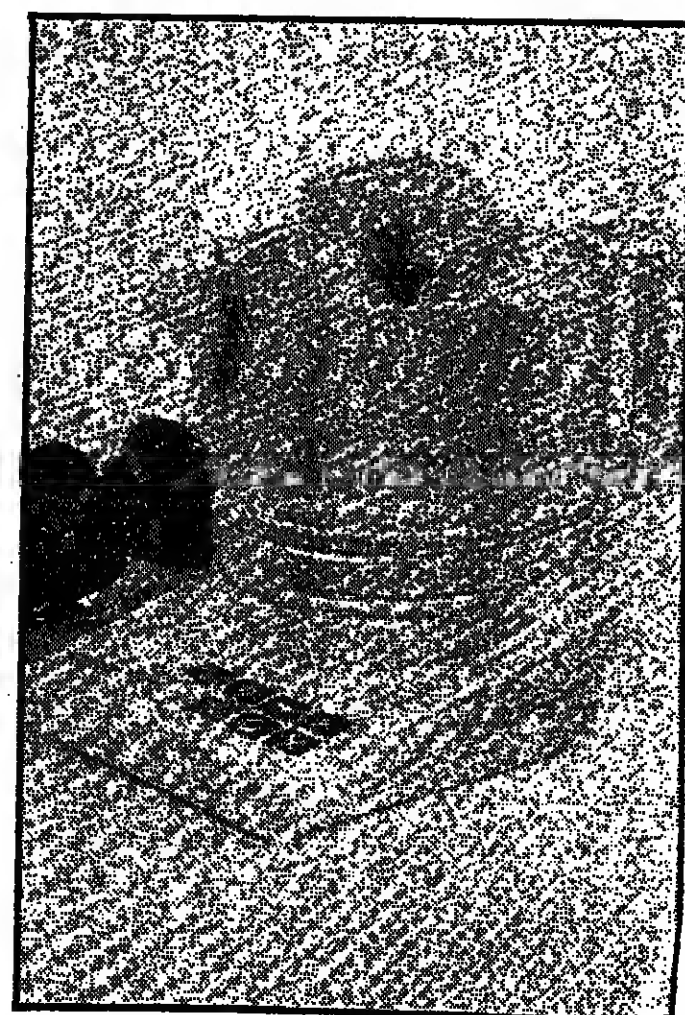
THINKING SMALL? If you've got a bedstiller to furnish or a student son or daughter to think about, the Vivalp oven is extraordinarily neat and accommodating. It measures only 12 in by 12 in and 6 1/2 in and though you clearly wouldn't be able to roast a family-sized turkey in it, it can cope with a chicken weighing as much as 4 lb or a grand-looking crown of lamb. Because it has two separate elements, one at the top, one at the bottom, the top

element alone can be turned on and used for finishing off a gratin. It needs no complicated installation—just plug it into any 13 amp socket. Being small, it is also clearly easily portable. Take it on holiday if you are camping or caravanning. £44.95 from Harrods, of Knightsbridge, London SW1. Fenwick of Newcastle, Kendal Milline of Manchester and Rackhams Branches. Anybody who has trouble finding a local stockist should write to ICTC, 632-652, London Road, Isleworth, Middlesex.

RIGHT

THE FIRST in a new generation of scales—the Avery electronic scale—is heralded as a health scale because it also gives you the calories, fat, carbohydrate or fibre content of the foods in the bowl. How, I hear you ask, does an electronic device know what is in the bowl? The answer is, it doesn't—you do and you have to press an alarming number of keys to make sure you get the right answer out of the display panel. It is all a little bit sophisticated for somebody like me who finds it hard enough to grapple with grammes and ounces without added complications but for somebody who

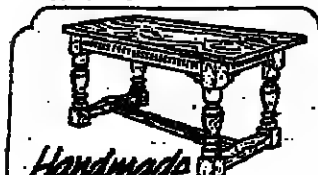
enjoys reading instruction booklets, likes messing about with push-buttons and really minds about calories, fibre, carbohydrate and the rest of the health-conscious jargon, it could be a nice new kitchen toy. Besides, it actually works very nicely as a simple scale—it has clean, simple lines, you can switch from grammes to ounces and back again and you can add to ingredients in the bowl without emptying it first. If you don't use the extra sophistication, though, it is quite expensive, £44.95 (p+p £1.80) from Lakeland Plastics, Alexandra Buildings, Windermere, Cumbria.



LEFT

MOST BUSY cooks need a kitchen timer and lovely though those old-fashioned wooden egg-timers look they are nothing like as practical as their starker but more functional rivals—the new digital timers. Lorus has just produced a very neat little gadget which can be set to time anything up to 99 minutes—from a soft-boiled egg to a sponge cake. When the pre-set

time has run out the device emits a beeping sound which goes on becoming louder until it has been switched off, so that even the busiest shouldn't find it easy to ignore. In five different colourways (so that you can match your kitchen colour scheme, I suppose) it costs £8.50 and is widely available from kitchen departments and shops like H. Samuel and James Walker.



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LEISURE

Gerald Cadogan on a slice of Oxford life

Beyond the dreaming spires

N WOODSTOCK the Oxfordshire County Museum stays open to show the history of the county when that great part of 1, Blenheim Palace, is shut for the season. The museum puts Blenheim and the Woodstock church—which was also shut when we went there—into an historical perspective of many centuries. You will discover in an intelligent and enjoyable display the long life of Oxfordshire without Oxford, something that many who spend three years in the city never discover.

The Oxfordshire County Museum is the most interesting because the county lacks the spectacular ancient heritage—both monuments and "finds"—that you see in Wiltshire or Dorset. Instead, there is a solid but lively account of the county's history, which infuses the colleges and abbeys and great houses with its spirit of place and puts them in the setting to which they belong. In the history of the use of the land and its resources you see the economic base of the county and still that of the colleges as well.

Oxford itself, of course, has been transformed by major industry, the Cowley motor works, which began in the centre of the city. When I was an undergraduate there was an old man who repaired bicycles swiftly in Holywell, not far from where William Morris (Lord Nuffield) began. Unfortunately, he and his wife—both of them—were killed by a bicycle while Morris moved from bicycles to cars.

Morris had an industrial predecessor in Cowley, the latter Volvulus of the later second century AD. We know his name from his stamp, which you will see at Woodstock. Those stamps are a useful way of gauging trade in the ancient world; for the ancient they had the same function as the marks on the undersides of plates nowadays.

Though Volvulus is the only potter whose name we know, he had plenty of colleagues in a flourishing industry in Cowley and Headington on the east side of Oxford. They used local materials, Oxford Clay, and wood from the higher ground

to fire the kilns. They were along the road from Dorchester, the crossing of the Thames that preceded that at Oxford, to Alchester, which is near Wendebury where an exit is planned for the new part of the M40. The motorways are the first real attempt in this country at a main road system not based on that of Roman Britain.

Headington was much later a site of another of the industries of Oxfordshire, stone quarrying. Headington stone has not weathered well. The slates from Stonefield have done much better. In the 19th century there was some making of agricultural machinery in the county, and from the late 18th century coal could be brought cheaply down the Oxford Canal. Wood had become scarce. The coal also powered the making of bricks for the new industrial suburbs such as Jericho, built around the University Press works in Walton Street, or Girsbury in Banbury.

In many ways industry is the oddity in the history of Oxfordshire. Arable farming and grazing have been the permanent mark of life in the county, from at least as early as the neolithic pits for storing grain at Sutton Courtenay to the latest cattle market in Banbury of today. It is ideal country for sheep and for cereals. Since the ploughing of what had been pasture in World War II, cereals have grown at the expense of sheep. Yet there are still plenty of sheep in Oxfordshire, even in North Oxford in the fields behind Summertown.

A Saxon settlement of sunken butts at Eynsham has produced examples of the best evidence for spinning and weaving that archaeologists are likely to find. Short of the rare chance of finding cloth, spindle whorls and loom weights are the clue. Spindle whorls are usually of stone and on the bottom of a spinning stick and make it revolve. Loom weights are usually of clay and have holes or eyes for tying the threads of the warp of a vertical loom. Thus they maintain the correct tension while the cloth is woven.

There is nothing special to the Saxons in the use of spindle whorls and loom weights. They are a regular part of early cultures. Often they are found only by ones and twos, but we archaeologists always hope to find the weights in a group, because a concentration of them in one spot shows more or less where the loom had been. In the grand buildings of Minoan Crete, for example, that was often on an upper floor from which the weights had fallen. The best instance is the Loom Weight Basement at Knossos where Sir Arthur Evans found several hundreds.

Saxon weaving leads to the blankets of Wilton or the tweed from the Bliss mill at Chipping Norton with its redoubtable chimney; there is a display of the tweeds in the Museum in Woodstock. The sheep also led to the handsome town houses of the wool merchants in Burford that emanate wealth—just as the wine trade houses do in Burgundy—and for the great churches of the region, such as Farnham or Northleach. With the corn they were a staple ingredient of the abbeys and country houses.

The 17th and 18th century country houses, with their farms and parks (where the animals could be kept), were not the first of their type in Oxfordshire. The villas of the Romans, ranging from simple farmhouses to grand country houses with elaborate mosaic pavements (there was one at Stonefield), similarly show wealth, ownership of the land and a sense of security. At Chedworth in Gloucestershire, for instance, which is with the National Trust, the villa was supported by wool, as you may see if you go there.

The museum shapes our view of Oxfordshire by showing the many continuities—and the discontinuities—in the use of the land. It is an immediate way of making history and relating the past to ourselves because we still see the land alive and being farmed. With modest imagination we may still appreciate Oxfordshire as Oxonians have appreciated it for thousands of years.



An Elijah Comfort dish decorated by Michael Cardew in 1930

Modern pots of gold at Christie's

THERE IS one area of contemporary art where the UK is the acknowledged world leader—ceramics. At Christie's on Tuesday dealers and collectors from the U.S., Japan and Europe packed the auction room, for the most successful contemporary ceramics sale ever held.

Christie's had based its upper estimates on the prices realised at its last auction in 1984, but across the board there were substantial increases in price. A few examples will catch the favour of the auction.

A noteworthy cup-shaped vase made by Hans Coper around 1968 sold for £4,320, against a top estimate of £3,200. An early pear shaped vase by Coper went for £3,780 against an upper estimate of £3,000 and a 1968 dog-bone vase made £2,160, against the most optimistic forecast of £1,200.

Hans Coper's great friend Lucy Rie did even better. A cone shaped bowl, made around 1980, selling for £3,024 (top estimate £1,500), while the Japanese buyers were bidding keenly for the work of Bernard Leach and his pupil Shoji Hamada. A pilgrim dish made by Leach around 1970 was bought for £2,500 (top forecast £1,500), while a stoneware out sited jar and cover by Hamada, produced in St Ives around 1923, sold for £3,456, £1,000 higher than the best forecast.

Works by such celebrated potters can be expected to do well. A feature of the auction was the interest shown in less famous artists. A two-handled break crock made by Michael Cardew, a pupil of Leach, around 1935 realised £1,500, over double its top estimate, and an oval silverware dish by the same potter found a buyer at £2,808, against an £800 top estimate. This must be a record price for Cardew.

The story continues among the younger potters, influenced by Coper and Rie. An earthenware slab built vase by Jacqueline Poncet sold for £1,188 (top estimate £500); a cup by Elizabeth Frisch doubled its top estimate at £1,620; an architectural sculpture, with a chip, by Ian Godfrey, went for £129,600, again over double the top forecast. The exception was a mural by Hans Coper commissioned by Powell Duffryn and installed in 1961 in their Berkeley Street headquarters. The sculpture was inherited by Intergroup when it took over the building and they were informed of its value. Or rather what Christie's thought it was worth. The mural contains 16 ceramic discs

ART INVESTMENT

ANTHONY THORNCROFT

which individually would probably sell for £3,000. The installation, one of only two completed by Coper, carried an estimate of £30,000-£40,000. The best bid in the room was £23,000.

Cyril Frankel, Christie's contemporary ceramics consultant, is certain that the potential buyers who sat on their hands will be cursing their judgment in a few years time. But both the strength and the weakness of the ceramics market is that it is governed by private collectors who probably paid a few pounds for their first pot, who have profited by the steady appreciation in price in the last 10 years, but who cannot afford, or make the psychological jump, to pay £30,000 for an undoubted masterpiece.

It is perhaps ironic that the artists who founded the UK's domination should have their roots abroad. Bernard Leach, and his pupil Hamada, settled in St Ives in 1920 to pioneer the development of rustic pottery based on his experiences in Japan, while Rie and Coper arrived as refugees in 1938, and struggled for over 25 years before their genius was recognised. Now their work is being compared with such modern masters as Henry Moore, Hepworth and Brancusi. Their international influence are perhaps the root of their international appeal, but there are still many British buyers who paid £10 for a Lucy Rie or Hans Coper pot in 1960 who have watched with appreciation their ascent to artistic canonisation.

It is the fact that pots could be bought at Christie's this week for under £100 which makes this a successful and expanding market. All the big auction houses are looking to develop their business by selling more contemporary arts and crafts but it is proving difficult. Sotheby's held a major sale three years ago of furniture, textiles, glass, jewellery, etc by leading artists which was a failure because the asking prices were above the purses of young buyers and collectors. But pots can be cheap, as can glass, another area which might become a thriving auction activity. Good furniture will always probably be too expensive, as will jewellery.

Alan Forrest on sporting chances in winter

A look at the Great Indoors

JUST AS trade, they used to say, followed the flag, sport seems to follow the telly. A sport played indoors, according to some pundits, can be more televisual when properly handled than an outdoor event, and involves fewer technical problems.

So we have seen the boom on the box with basketball, squash, indoor tennis and, of course, snooker and darts, followed by another boom at the sports centres. And Torvill and Dean must have been the saviour of a lot of the country's ice rinks.

Another obvious attraction of indoor sport is that it beats our winter climate.

Even this can have its ironies. Not so long ago I sat under cover in Brighton watching Graham Gooch hit a six. John Lever bowl some rather unplayable stuff with a light white plastic ball and Essex won a cricket match-out against seven other major counties. But outside there was a freak heat wave. The contest indoors could have just as easily been played in the fresh air at the Sussex county ground.

Certainly, a lot of British sportsmen, particularly golfers, seem reactionary about going indoors. They argue, with some justice, that their game is probably one of the hardest to simulate under cover. At present there are under-cover driving ranges, areas for putting practice and now the chance to play in Piccadilly Circus inside Lillywhite's store.

There, with the help of high technology, an enthusiast can play California's Palm Springs course. But taking golf indoors doesn't seem to have the appeal you might expect in an icy winter. "What's the point?" one golfer said to me. "You can never reproduce the atmosphere of this lovely game unless you're out in the open, maybe with a chill wind blowing in your face. And if you want to practise putting you can do that on your bedroom carpet."

This opinion seems to have been shared by some of the members of a club that opened off Fleet Street some years ago

offering electronic golf indoors. The premises survive, but all that remains of the golf course is the 19th hole.

Still, I'm told that for improving one's skills, Leslie King's Driving School in Knightsbridge is a must for golfers with swing crises.

The problem for the fundametalist in any sport is that playing it indoors changes its nature dramatically. Take that Brighton cricket weekend. "Mickey Mouse cricket," a friend of mine not far from the MCC, called it.

In the version I watched, the 100 ft square field—carpeted square and artificial turf outfield—was white-walled and enclosed by a net. The teams were six-a-side. Ten overs were played in the qualifying rounds, 20 in the final. Hit the ball against the side walls and that's a single, with any runs you run added. One hazard is that a batsman can be caught out on the rebound from the wall.

Sixes and fours are also something completely different. A six was a straight drive hitting the back wall, a four a lofted shot against the back wall. John Lever talked about the difficulty of setting any sort of swing from the light plastic ball. But everybody agreed it was good pre-season practice, particularly for fielders.

But more beneficial for cricket has been the gradual growth of indoor nets since the war. For example, at the Ilford Cricket School in East London many of the Essex side learned some of the finer points there. Now the county has its own indoor school.

Tennis is the one outdoor sport that can be played indoors without too much disruption of disciplines. Facilities are good throughout the UK's sports centres—the Sports Council (01-388 1277) or the Lawn Tennis Association (01-305 2366) can point you in the right direction.

The cost of indoor sport depends on whether you play at a local, possibly municipally-owned sports centre, where a few pounds can give you a

tennis or badminton session or a dip in the pool. The private club costs more, possibly up to £300 a year subscriptions plus hourly rates.

Last week a new open-air tennis club opened in Wimborne, not more than a backhand drive from the holy of holies itself. Andrew Grad and his colleagues Joseph Farthy and Michael East got the idea for it on a rainy day in London when they could not find an indoor court free.

It has cost £500,000 to provide four courts, a clubhouse, changing rooms and car parking. Former Davis Cup player Mark Cowell will be tennis director. Membership ranges between £20 and £90 a year and court hire £5 to £9 an hour depending on the time of day. Opening hours: 8.00 am to 11.00 pm.

Another London centre offers tennis seven days a week round the clock. The David Lloyd Slazenger Racket Club at Heston is just off the M4 a couple of miles from Heathrow. It is the brainchild of Lloyd, another former Davis Cup player, and has 15 indoor courts and nine outdoor with facilities for squash, swimming, karate and disco dancing. It already has 4,600 members paying £150 to join and a £150 a year subscription with court fees of £10 peak and £6 off-peak.

The Sports Council offers some nice "jewels in the crown." Bisham Abbey at Marlow in the Thames Valley is the LTA's national tennis training centre with four indoor courts plus facilities for dance, squash and gymnastics. Treatment of sports injuries and residential courses "to cut down your golf handicap with the aid of video" are also available.

A run-through of indoor facilities for outdoor sports provides a fascinating list. Saying where, when and at what price they are available is more difficult. New sports centres grow up all the time, and the best thing to do is to ring the Sports Council or the governing body of the sport you are interested in. Here, however, is a starting point.

Back to Biggles and company

THE HENDON aviators gave a dinner at the Royal Automobile Club in London for B. C. Hicks and Gustav Hamel on January 15, 1914, the day of their leaving the top and flying upside down.

The meal was no ordinary one. It was upside down, too, being served with liquors and coffee, and going on to dessert, the main course, soup and hors d'oeuvre. The guests, who included the pioneer pilot Marcel Desoutter and Frederick Handley Page (later Sir, who started his aviation company in 1909) building a series of monoplane with crescent-shaped wings, sat at a table arranged in the form of a loop.

The toast was responded to in reverse order, beginning with "lastly" and ending with "firstly." At the end of the meal, nearly all confessed that they still felt hungry. As one guest observed, it required the practice to enjoy that.

A photograph taken at the memorable dinner by Fradelle and Young is expected to make between £150 and £180 at today's sale at noon of naval, maritime and aeronautical collectors' items at the National Maritime Museum, Greenwich. The auctioneer is Onewell's of Winchester, Hampshire, a firm started at the end of last year by Patrick Bogue and John Jenkins, both aged 25, formerly with Christie's in South Kensington. All the Hendon ephemera (and there are many photographs, paintings, posters and programmes all in mint condition), are expected to attract considerable interest from dealers and private collectors, particularly from France, Switzerland and Germany.

Hendon aerodrome was established in 1910, and soon became the centre of flying training and air racing, as well as the terminus of the first official air mail service in the United Kingdom in 1911.

Hendon-Windsor, to mark the coronation of George V. Also in the sale is a photograph of Claude Grahame-White, who started his aviation company in 1909, near the Pyrenees in France in 1909, coming to England and acquiring Hendon aerodrome two years later, and building a factory. His first aircraft was designed in 1914, which was adopted by the Admiralty as a standard school machine.

There is an evocative poster, too, of Hendon's Aerial Derby of Saturday May 23 1914 for a 95-mile circuit of London, Cyria "Ciro" Cuneo, the war artist who died of blood poisoning at the age of 37 in 1916, produced a delightful vignette of the race for the occasion.

Another poster features Louis Bleriot, showing the intrepid French pioneer crossed to six spades, which became the final contract.

Winning West's spade King with dummy's Ace, the declarer at once returned a spade, and ruffed in hand with his Knave of hearts. He crossed to the eight of hearts, ruffed dummy's last spade, drew East's trump, led a club to the King, and returned the five.

When East followed with his seven, South crossed with his nine, and the Knave won. West was asked. A spade return would concede a ruff discard, and a club or a diamond would give declarer his extra trick.

If East covers the club five with Knave or Queen, South wins and returns the 10, discarding a diamond from the table, and can throw another diamond on the nine.

The dummy reversal combined with the endplay is the expert's way to ruff two clubs and rely on the diamond finesse as an inferior method.

COLLECTING

JUNE FIELD

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Another poster features Louis Bleriot, showing the intrepid French pioneer cross-

ing the Channel at the White Cliffs of Dover in 1909. It was to advertise Gabriel Borel's powerful acetylene lights, and was found in a hotel in Bourneville where Bleriot had once stayed.

Also being auctioned are some of the 5th Earl Howe's naval and aeronautical books, watercolours and prints. The Earl (1884-1964), descendant of the famous 18th century Admiral Howe, was a well-known Brooklands racing driver, and was ADC to King George V between 1925 and 1928.

A most important lot, which has already attracted attention from the Imperial War Museum, is a collection of 400 photographic negatives, compiled during the First World War when the Earl, as Commander Curzon served as first photographic officer of the Second Battle Squadron.

The most spirited bidding, of course, will undoubtedly come from those anxious to fill in the gaps of their indispensable Jane's Fighting Ships annuals. (These were first published in 1888)

Many are likely to fetch over £100 a volume. There are two scarce editions of Jane's All the World's Aircraft, which very rarely appear for sale.

For followers of *The Lost Place on Earth*, based on Scott of the Antarctic, which began after the first of this week there is a two-volume first edition of Scott's *Last Expedition*, edited by Leonard Huxley.

CHESS

LEONARD BARDEN

THE CONTROVERSIAL abandonment of the world title match with Karpov trailing 2-5 but gaining fast on the sick Karpov is sure to provoke argument among chessplayers for months and years to come. On strictly legal grounds, the issue is obscure: the rules gave the FIDE President, Florencio Campomanes, a virtually carte blanche in unexpected situations, but it was never foreseen that this might extend to slopping the contest when one player tired badly.

Viktor Korchnoi has already gone on record as saying that he now regards Karpov as world champion, while Icelandic Fridrik Olafsson, a lawyer and FIDE president until ousted by Campomanes, has publicly criticised the decision. But officials on the spot in Moscow, the Yugoslav referee and the West German senior FIDE delegate, supported their colleague.

Karpov is under fire for the phone call to Campomanes which asked for him to be declared winner, as well as for his attempt to secure a rematch in September and another return if Karpov beats him then. There will be some sympathy that what looked a successful series for Karpov was marred by illness, but against that it can be said that the champion's psychological collapse indicated Kasparov's strident strategy which began as far back as late October. When 0-4 behind, the young challenger decided to slowball, spin out this

match, and wait for Karpov's stamina to give out.

Karpov, with a decisive advantage in the first-to-six-wins series, was apparently going for a 6-0 shutout so as to demolish his rival for future matches in 1988 or later. This meant a minimum risk strategy, trying for small endgame advantages while denying Kasparov tactical opportunities, and Karpov was encouraged to maintain this stance when he went 5-0 up in game 27.

If Karpov had instead used his big lead as a cushion and gone for a more tactical game so as to secure the final point, he would probably have climbed the match against a rival whose confidence was then still brittle. Karpov knew of his own tendency to weight loss and poor sleep after his previous marathon with Korchnoi, but apparently wasn't flexible enough to alter his predetermined match plan. In that context, Kasparov is entitled to feel cheated of the fruits of his own attrition campaign.

One factor in the strange decision to abort the match may have been the budgetary position of the USSR Chess Federation. They had to make heavy payments in 1983 to reschedule the Kasparov-Korchnoi series from Pssadens to London after the Soviet sports authorities used the occasion for a dry run of their Olympics boycott. Then the escalating costs of the 1984 title match at the Hall of Columns, coupled with poor ticket sales and increasing friction with Columns officials, forced a switch to the downtown Hotel Sport despite Karpov's protests. When Kasparov began to win games at the new site (which was incidentally the venue for his victories in the 1982 interzonal and his 1983

match against Belyavsky), the prospect loomed of the challenger expanding by inching his way to success against the officially favoured candidate, with frequent halts for timeouts and draws. The grim-faced Federation chief Nikolai Krogius, who sat on the platform with Campomanes and Karpov at the final Press conference, may have decided to cut his losses.

Latest developments are that Karpov has appeared on Moscow television claiming that the call to Dubai was not instigated by him, and that he knew of the match abandonment only a few minutes before it was announced. He asked for an immediate resumption of play, but Kasparov said "no chance". The harassed President Campomanes is now urged to return yet again to Moscow.

The next interesting points to watch for in the saga are: whether Karpov recovers in time to confirm his acceptance for next month's highly rated, hard-currency international at Linares, Spain; And what, if any, action Moscow officials take against Kasparov following his outburst at the conference.

By normal Soviet criteria the young challenger broke protocol in several directions: he implied that proceedings were fixed by FIDE, the USSR Federation and his opponent, and he complained in English to

Western correspondents. Many organisers will be keen to include the high profile Kasparov in their tournaments this spring or summer, and the question is whether officials will put a block on his overseas travel.

WHERE YOU CAN PLAY

HOCKEY — Probably the fastest growing indoor sport. Played six-a-side and very fast. It is more like ice hockey without skates, even to this laws allowing six substitutes. Strongest in the south-east, but growing everywhere, particularly in areas where there are large Asian populations. For information on facilities ring the Sports Council or the Hockey Association.

CRICKET — Lord's is the headquarters, even of the indoor game. A phone call to the MCC might put you in the right direction. Indoor nets are available at many sports centres, but often only to cricket club bookings.

TENNIS — There are many clubs, and many indoor courts at sports centres. Again, contact the Sports Council.

SQUASH — With 9,000 courts in the UK in 3,000 locations, it's difficult to recommend the best or hit the worst. Bob Mellor, chief executive of the Squash Rackets Association, warns players looking for a venue that the local authority sports centre isn't necessarily the cheapest. You can pay up to £300 a year for club membership, and a local authority court at £1.50 for 45



Indoor cricket at Lords

minutes seems a better deal. But for somebody playing through the year, and wanting the "socialities" of a club, what is the better bargain?

For further information, contact the Squash Rackets Association, Francis House, Francis Street, London SW1 (01-823 3064).

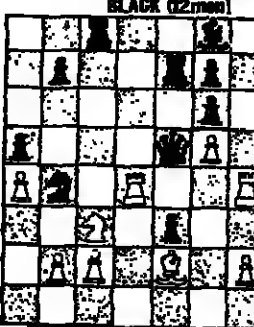
BOWLS — The reason for the indoor boom in this game, it was once claimed that better heating arrangements had made it more attractive for the old people who played it. But Bernard Telfer of the Indoor Bowls Association points out

that the present average age of the England indoor team is 31. Bowls is a good value—there are clubs of prestige with a £15 a year subscription and charging no more than £1 for a two-hour session. For further information contact the Indoor Bowls Association (01-470 1237) or sports councils.

MOUNTAINEERING — Yes, you can practise that indoors at the YMCA in London's Tottenham Court Road on a brick wall that offers all the classic climbing hazards—chimneys, overhangs, ankle holds, etc.

POSITION No. 556

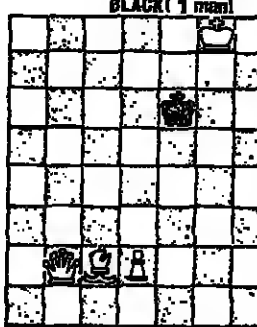
BLACK (22 men)



WHITE (22 men)

PROBLEM No. 556

BLACK (1 man)



WHITE (4 men)

A Belyavsky v L Psakhis, European club final 1984. White (to move) is attacking hard with queen and both rooks, but Black seems adequately defended and threatens QxP or NxP. How should White continue?

White mates in three moves at latest, against any defence (by M. Havel, 1911). Black is short of escape squares, but White has to be careful since 1 Q-Q4? is stalemate.

Solution Page 16

RESIDENT ABROAD

Resident Abroad, published by Financial Times Business Information, is Britain's monthly magazine for people living or working overseas.

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Saturday February 23 1985

Mr Reagan's greatest fan

A FEW months ago Mrs Thatcher, under pressure at Prime Minister's question time, mounted an acid attack on President Reagan's deficit policies and rashly concluded that she would rather face her own problems than those of the President. Last week, despite a Hollywood-style show of mutual admiration, the President in effect told her she could have her wish: he would concentrate on his own problems, but he would not help her with hers. His words, as much as the more cautious ones of Mr Paul Volcker, chairman of the Federal Reserve, carried the same basic message: America is perfectly happy with her problems, and no policy change is intended. The currency markets then gave the President a hearty vote of confidence.

The vote is in some ways deserved, because the recent U.S. performance can, by European standards, be called miraculous. One of his problems, after all, is the same one which Mrs Thatcher faced in 1980—a grossly overvalued currency undermining competitiveness, together with high real interest rates. Mrs Thatcher (or rather Sir Geoffrey Howe) acted to relieve this pressure, though it did mean tightening the budget. Sterling fell (and we now have something of an export-led recovery) and interest rates fell too, until they had to be jacked up again to prevent sterling going into a terminal nosedive. This policy, not that Thatcherism as described on the playbills, but there was little alternative: British industry simply could not cope.

President Reagan has felt able to take a radically different attitude. Everyone is out of step except our dollar; and if that hurts anyone at home, bad luck.

Adaptability

The miracle is, though, that so much of American industry has been able to adapt. The high-technology end is not really subject to price competition, but in many established industries a mixture of pragmatism, rapid modernisation and buoyant demand has generated prosperity rather than pain. The real clue is in the aggregate figures: the American current account deficit is large, but it seems to have stabilised, so that output can continue to grow at something approaching the growth rate of demand. There has been some luck in the mixture—for example, the fall in the dollar price of oil has revived demand for the bigger cars that only Detroit mass produces; but mainly it is a triumph of self-reliance and adaptability. No wonder Mrs Thatcher, even after a frustrating visit, remains a fan.

PAUL VOLCKER packs an iron punch in a velvet glove. When the U.S. Federal Reserve Board chairman sat down after his bi-annual bout with the Senate Banking Committee earlier this week, he had boxed with his habitual courtesy style. But the message hit home with a crunch.

In the wake of his low key but unmistakably blunt warnings to the nation's politicians and financiers, short-term U.S. interest rates surged: the dollar shot through the roof and the recent rally in the equity markets came to a shuddering halt.

The burden of Mr Volcker's homily was simple. The Fed, he said, has stopped pumping money into the system. It will not finance the building Federal deficit by "printing the modern equivalent of the printing press," neither will it use monetary policy to engineer a decline in the dollar.

But most crucially, he warned of the dire consequences should foreign investors lose their appetite for U.S. government securities—something, he said, could happen "overnight."

In making these points, he reminded the U.S. financial markets of things they would rather forget—that if foreign investors stop supporting the U.S. economy the dollar could collapse, interest rates and inflation could soar and the current expansion could be brought to a grinding halt.

"The stability of our capital and money markets is now dependent as never before on the willingness of foreigners to continue to place growing amounts of money in our markets," Mr Volcker said.

Last year alone, he noted, almost a quarter of America's capital needs came from abroad, and he hinted darkly at the consequences of an abrupt reappraisal of the attractiveness of U.S. markets by overseas investors.

The Fed chairman's comments thus forced the U.S. capital markets to take stock after a heady start to the new year, which saw a burst of optimistic rhetoric, the politician in Mrs Thatcher must wonder if she could not somehow contrive to make things go faster.

The kind of problems she faces—like every British government in modern times—is illustrated by incidents, like the recent UK shopping expedition by J. C. Penney, a chain of stores with a rather Marks and Spencer approach to the clothing market. A number of companies, including some household names, refused to negotiate because their order books are already full. An American company with the same opportunity would be discussing expansion with its bankers. Another is illustrated by the National Institute's detailed study of productivity in like factories in Britain and Germany. The British were still buying out-of-date machines because nobody—operators, foremen or managers—understood the most up-to-date, and suffered frequent breakdowns even of these simpler machines.

This kind of lack of confidence and know-how cannot be put right by fiscal stimuli; on the contrary, it explains why our economy responds to them so sluggishly. It may even mean more government spending to foster training and education. Attacks on British clubbiness (exemplified by allowing Citibank to take over the clubbiness of all discount houses, Seacombe and Walker) will also help. But only in a pretty long run.

Virtually all the numbers coming out of the markets suggested that the small private investor, who still accounts for around 60 per cent of share ownership in the U.S. had returned to equities in force. "This is the most retail activity we have seen in two years," says Mr Jerry Markowitz, head of equity trading at Prudential-Bache securities.

The dollar, which has moved from DM 3.1540 at the

U.S. financial markets

Mr Volcker sends a chill down Wall Street

Our U.S. staff reports on the present mood of American investors

Last year, the small man stood on the sidelines, even the August explosion, when dealing volume set a still unbeaten daily record of 240m shares, mostly reflected by buying by the institutions. But this time round, the groundswell of investor activity carried virtually all the leading indices, from the blue-chip Dow-Jones Industrial Average to the all-embracing NYSE composite to record highs.

The enthusiasm for equities has been most striking in the Nasdaq over-the-counter market, home of the smaller capitalised stocks which are great favourites of the private investor. After a year of marking time, the Nasdaq index rose by 16 per cent in the first seven weeks of the year.

The surge in equity prices, which saw the Dow Jones Industrial hit a record of 1297.92 ten days ago, has been underpinned by a hold revival of investor confidence in the U.S. economy coupled with sharply lower inflation expectations. Inflation expectations are probably the key," says Mr Robert Salomon, director of stock research at Salomon Brothers.

This view is confirmed by surveys of the outlook for inflation conducted by Wall Street firms. Mr Richard Hoey of In-vestor's Bankers, Drexell Burnham Lambert, in his latest December decision-makers poll, concluded that 10 years inflation expectations have now dropped to 5.5 per cent compared with a peak of 9 per cent in late 1980.

Even Mr Volcker is willing to accept that "chronic expectations of future inflation have been damped," and that "the public at large now seems to sense a greater degree of control over inflation than for many a year."

But he differs from the optimists in emphasising that some of the anti-inflationary pressures in the economy—particularly the strong dollar—could easily evaporate.

The dollar, which has moved from DM 3.1540 at the

start of the year to flirt with the DM 3.40 level yesterday—has brought fierce competitive pressures to bear on the inflationary dynamics of the U.S. economy.

Its strength has also increased the flexibility of the Federal Reserve Board to take more risks on the side of encouraging economic growth and resisting recessionary pressures than would otherwise have been the case.

It was the Fed's surprisingly prompt and vigorous reaction to the slowdown in economic growth in the second half of last year which helped set the U.S. economy back on an expansionary track. Beginning in September, the Fed cut the discount rate in two steps to 8

per cent, the lowest level since 1978. Those moves helped send short-term money-market rates spiralling down by up to 300 basis points and prompted the banks to lower the prime rate from 13 per cent in August to 10.5 per cent today.

This in turn set the stage for a blistering bond market rally, which only ran out of steam earlier this month when it became clear that the Fed's easing move was over. By the end of 1984, the 30-year long bond was yielding less than 11.5 per cent compared to a peak of almost 14 per cent at the end of May.

Outside the credit markets, the repercussions of the Fed's actions were felt in the U.S. economy as it began to rebound from a sluggish 1.6 per cent real annual growth rate of expansion in the 1984 third quarter.

A survey in 1983 indicated that most courses included 10-15 per cent of design, which is reasonable when our courses are so much shorter than those of our successful economic competitors.

I believe the analytical subjects are not usually sufficiently related to design, which, as the subject of design, is the most important part of the curriculum. It should form a thread running through the undergraduate course. Above all, we need longer courses. In a race, when you are already behind, it is no use running more slowly than the others; you will not catch up.

(Professor) Michael J. French, 4, Haverbreaks Place, Lancaster.

Compare and contrast From the Director-General, Electronic Components Industry Federation.

Sir—Lex wrote (February 18) that electronic companies have always complained about the City's obsession with short term performance. One reason why they do so is the contrast with attitudes in Japan: Mr Kaichiro Odagawa of Toshiba was recently reported as saying that the Japanese have taken a philosophical view of the chip business that "not only do you not pull out in the bad times, you carry on investing: the stop and go policy is wrong, the investment should be continuous. If recession comes, it does not matter. We invest for the future." And Mr Hisao Kanamara of Hitachi said "The semiconductor business is a money-eater; you need new plants for new products every three or four years."

The Japanese financial community accepts these facts of life in the world of micro-electronics, and there seems to be no shortage of capital to keep up this continuous flow of investment. It is surprising that the UK industry finds it difficult to compete without considerable backing from the City, and needs Government support to redress the balance.

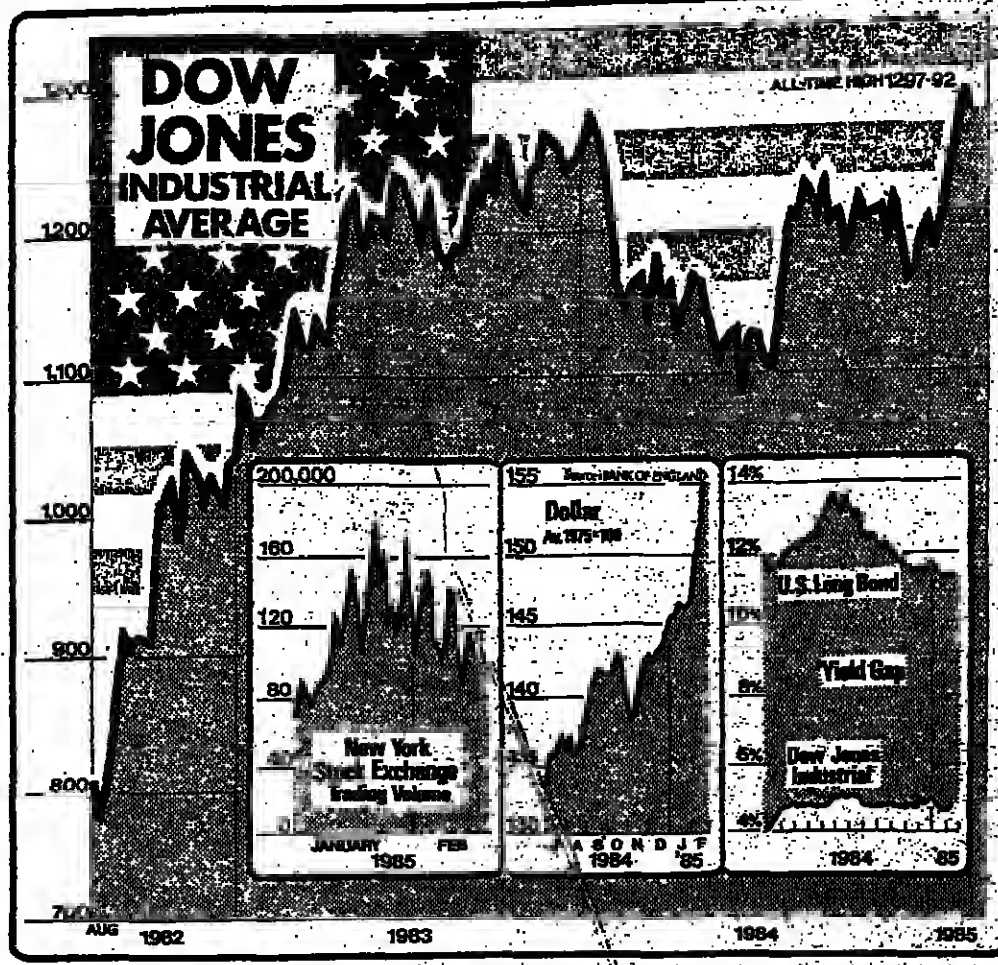
Richard H. W. Bullock, 7-8 Savile Row, W.1.

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After a series of upward revisions, what looked initially like a fairly anemic fourth quarter now turns out to have been bowling along at a rate of 4.9 per cent.

At the corporate level, despite the very strong surge in earnings over the past 24 months, profits are expected to continue to expand if forecasts of continued real growth for the U.S. economy prove accurate. Some Wall Street economists are projecting over 10 per cent earnings growth this year. Salomon Brothers, for example, believes that earnings per share for companies in the Standard and Poors 500 share index could reach \$19 in 1985 against \$17 in 1984.

But it is not just the growth

boost. While the sharp decline in interest rates since last summer lifted for the moment the value of their shareholdings, provided there are no dramatic changes in the business environment.

Like many others, he sees the dollar as central to the argument. "The dollar is the glue that has held the economy together," he says. "The market is responding to the notion that so long as the dollar is strong, interest rates will not rise. But there is some inevitability to a dollar decline. Investors have simply repriced these intermediate concerns," says Mr Einhorn.

These years, punched home by Mr Volcker this week, lead some Wall Street analysts to argue that investors' enthusiasm for ordinary shares will wane, putting a cap on the level to which the stock index will rise.

Given that dividends are expected to rise quite strongly in 1985 for the economy, it has also made fixed-interest securities and savings instruments such as bank certificates of deposit, less attractive in comparison to ordinary shares.

In June last summer, investors could expect to command returns of up to 13.5 per cent when dividend yields on the S and P 500 were around 4.92 per cent. By mid-December, before the equity rally began, bond yields had sunk to close to 11.5 per cent while the dividend yield on shares was 4.65 per cent.

A further factor which may help explain the recent strength of equity prices, has been the shrinking supply of shares. New issue volume last year was sluggish, and companies were "retrading" existing equity at an unprecedented rate.

In 1984 alone, some \$70bn or almost 5 per cent of the equity base was eliminated through aggressive company stock repurchase schemes, leveraged buy-outs and booming takeover activity.

What is more, while the recent improvement in share prices has made some corporations more receptive to the idea of issuing new equity, First Boston figures show new equity issuance in the first seven weeks this year—level-pegging that in the same period in 1984 at around \$2bn—most Wall Street firms expect equity retirement to continue to outpace new issues leading to a further modest shrinkage in the equity base this year.

According to Steve Einhorn, vice-chairman for investment policy at Goldman Sachs, all

these factors combine in the eyes of equity investors to place a safety net under the value of their shareholdings, provided there are no dramatic changes in the business environment.

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Raise the VAT limit

From Mr F. Tuckman MEP

Sir—The case for raising the turnover exemption limit for VAT to £50,000 or even £100,000 is strong and now well established. In the cross-party and multi-country small business working party of the European Parliament, my colleagues and I are pushing strongly to obtain EEC agreement to such change.

The nature of Continental opposition is not well understood. Equity between firms is paramount, and any exemption which permits one trader to operate without paying VAT, in competition with one who has to charge that levy, is felt to be unfair and a distortion of trade.

Our view is that the costs of collection are so high for every pound flowing to the Treasury that it represents a waste of resources, and an unnecessary administrative burden. We are here at the heart of a typical cultural conflict, which makes it so hard to operate a truly European Community.

A mere recital of the case is quite inadequate; we have to approach enough opinion formers to get the case accepted. It has been a major step to get Lord Friedrich, our German chairman, to have this matter on the agenda. So far most people are not even aware that a real issue exists. Ultimately this must be seen as a Community issue, not just one for Britain.

Fred Tuckman, (Spokesman on small business matters for the Conservatives in the European Parliament) 6, Cumberland Road, SW13.

BAA poll at Stansted

From the Public Affairs Director, British Airports Authority

Sir—Mr Wagener (February 13) questions the recent MORI poll concerning Stansted airport. What he will not know is that the Press release was reissued nearly three weeks later with a corrected headline as follows: "Most Stansted

area residents support airport expansion.

He has not fully appreciated that two polls were involved. He has quoted the wide area of approximately 30-mile radius, but does not mention the sub-sample of nearly 200 people in the districts adjacent to Stansted airport. These showed a similar majority for expansion limited to the existing runway with 83 per cent in favour (35 per cent actually in favour of developing a second runway), 18 per cent against, and 18 per cent with no opinion.

This means three in one in favour of airport expansion and nearly two to one in favour of a second runway—a dramatic endorsement by any standards. Peter Sanguinetti, Gatwick Airport, West Sussex.

Making the rich richer From Mr S. Stewart

Sir—It seems that I did Michael Prouse an injustice when I pointed out (February 16) that 9.8m persons paid income tax in 1983-84. I relied for this on Table 26 of Annual Abstract 1984-85, but this must refer to the number of returns to tax and not the number who paid tax, although there is nothing to indicate this. The number payable tax was apparently less than half the figure I gave. Shaun Stewart.

The Old House, Willards Hill, Ectingham, Essex, Essex.

Accounting for software From Mr E. Pantow

Sir—The points Lex raised in relation to software accounting (February 7) were rather timely for my purpose. The following day we were to have the first AGM since our company's shares began to trade on the USM.

The first point I had to make was that this company would not favour the capitalisation of our research and development spend for the simple reason that if we did so the Inland Revenue would want to extract corporation tax on the con-

Letters to the Editor

sequential rise in profits. The second point that I was able to make was that the Stock Exchange insisted at the time we were going on the USM that we made public the extent of our research and development spend over the last five years.

It may not be the most elegant of solutions, but having regard to the activities of the Inland Revenue and wishing to continue to make public what the Stock Exchange obviously regards as material fact, we have told shareholders that we shall continue to report our R & D spend in the announcement of our results.

Ronald Pantow, 144 Barn's Road, Oxford

A case for state pensions From Mr M. Belliss

Sir—I refer to your article "The case for state pensions" (February 13). The case for maintaining the state earnings related pension is long overdue. Rather than consider extending the increasingly complicated mechanism for contracting-out of the State scheme, attention should be paid to the alternative of having all employed persons in the earnings related scheme.

This would: (a) ensure that employed persons would build up a level of retirement income that would remove the risk of the State having to provide supplementary benefits except in relatively few cases; (b) remove all the restrictions on transferability and revaluation in respect of the State earnings related scheme. This change alone would reduce the legislative requirement and the administration being imposed by

current legislation. It would also result in a saving in DHSS and OFB staff costs.

In order to meet aims of the Secretary of State, to simplify the system and to offer individuals an increase in the choice of providing for additional retirement income, the existing provisions with regard to retirement annuity policies can be used on a wider basis. It would require the compulsory membership of occupational schemes to be outlawed and the tax relief procedures changed to allow tax relief on retirement annuity premiums under the PAYE system (or a net payment system introduced).

This relatively straightforward change would result in everyone having the benefits earned in the state scheme; the freedom to choose between an occupational scheme and an individual arrangement; and a choice of investments in an individual arrangement is chosen.

If the nation cannot afford the existing level of state benefits, it seems unlikely that employees can isolate themselves from the financial health of the nation and do better than the general economic experience.

M. T. Rallist, 23, Hilgate Street, W5.

Letters to the Editor

which entails a round trip of no more than four to five miles. Careful monitoring of fuel consumption has shown my VW Golf Diesel to give a remarkable average of 48 mpg. Having regard to the stopping and starting, backing and parking, searching etc. over Ryde's tortuous and hilly roads, I am sure this can only be regarded as amazing. A petrol engine of similar capacity would return no more than 28 mpg. My engine is of 1600 cc.

I calculate my diesel car shows a saving of 44 per cent on cost of fuel per mile and 41 per cent in use of fuel. If there were a major shift over to diesel engines in general, imagine the colossal saving in world oil consumption, thereby conserving and spreading our precious limited resources over many more years of use, to the benefit of future generations. Even taking into account the measures outlined by Mr Jungels to limit pollution, with the attendant increase in fuel consumption of 20 per cent, the diesel engine is still more economical.

S. Hoare, 197 Great Preston Road, Ryde, Isle of Wight.

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BASE LENDING

RATES

A.B.N. Bank 14 % C. Hoare & Co. 14 %
 Allied Irish Bank 14 % Hong Kong & Shanghai 14 %
 Anglo Saxon 14 % Johnson Matthey Bkrs 14 %
 Amro Bank 14 % Knowles & Co. Ltd. 14 %
 Arco Bank Ltd. 14 % Lloyds Bank 14 %
 Associates Cap. Corp. 14 % Edward Manson & Co. 14 %
 Banco de Bilbao 14 % Meghraj & Sons Ltd. 14 %
 Bank Hapoalim 14 % Midland Bank 14 %
 BCCI 14 % Morgan Grenfell 14 %
 Bank of Ireland 14 % Mount Credit Corp. Ltd. 14 %
 Bank of Cyprus 14 % National Bk. of Kuwait 14 %
 Bank of India 14 % National Girobank 14 %
 Bank of Scotland 14 % National Westminster 14 %
 Banque Belge Ltd. 14 % Northern Bank Ltd. 14 %
 Barclays Bank 14 % Norwich Gen. Trust 14 %
 Beneficial Trust Ltd. 15 % People's Tst. & S. Ltd. 15 %
 Brit. Bank of Mid. East 14 % Provincial Trust Ltd. 15 %
 Brown Shipley 14 % R. Raphael & Sons 14 %
 CL Bank Nederland 14 % F. S. Retson 14 %
 Canada Perm't Trust 14 % Roxburgh Guarantee 14 %
 Ceyzer Ltd. 14 % Royal Bank of Scotland 14 %
 Cedar Holdings 14 % Royal Trust Co. Canada 14 %
 Charterhouse Japhet 14 % J. Henry Schroder Wagg 14 %
 Choulatons 14 % Standard Chartered 14 %
 Citibank NA 14 % Trade Dev. Bank 14 %
 Citibank Savings 14 % TCB 14 %
 Clydesdale Bank 14 % Trustee Savings Bank 14 %
 C. E. Coates & Co. Ltd. 14 % United Bank of Kuwait 14 %
 Comm. Bk. N. East 14 % United Mizrahi Bank 14 %
 Consolidated Credits 14 % Westpac Banking Corp. 14 %
 Co-operative Bank 14 % Whiteaway Ltd. 14 %
 The Cyprus Popular Bk. 14 % Williams & Glyn's 14 %
 Dumbur & Co. Ltd. 14 % Wintrust Sec. Ltd. 14 %
 Duncan Lawrie 14 % Yorkshire Bank 14 %
 E. T. Trust 14 %
 Exeter Trust Ltd. 14 %
 First Nat. Fin. Corp. 15 %
 First Nat. Secs. Ltd. 14 %
 Robert Fleming & Co. 14 %
 Robert Fraser & Pils. 14 %
 Grindlays Bank 14 %
 Guinacoe Mahon 14 %
 Hambros Bank 14 %
 Heritable & Gen. Trust 14 %
 Hill, Samuel 14 %

Members of the Accounting House Committee:
 7-day deposits 11%, 1-month 11.25%, 3-month 11.5%, 6-month 11.75%, 12-month 12.00%
 7-day deposits on sums of: £10,000-£19,999 11.25%, £20,000-£49,999 11.5%, £50,000-£99,999 11.75%, £100,000-£499,999 12.00%
 Call deposits £1,000 and over 11.5%
 21-day deposits over £1,000 11.75%
 Mortgage rates: 12%

UK COMPANY NEWS

Pauls planning £23m U.S. expansion

BY ALEXANDER NICOLL

Pauls, the animal feed and malt group, yesterday announced plans for a U.S.\$23m (£2.2m) expansion of its flavours and fragrances business as it formally advised shareholders to reject a £100m bid from plantations group Harbours & Crossfield.

Depending on shareholders approval, which will not be sought until after the bid battle is over, Pauls has acquired an option to purchase the flavours and fragrances division of Felton International, a privately-owned U.S. company.

The purchase would more than double the size of Pauls' activities in this area. It has also recently been expanding into foods through Telford Foods, a maker of mussels, soups and sauce mixes.

In its defence document, Pauls promised shareholders a 53 per cent dividend increase to 13p a share for the year ending March 31, 1985, including a 10.5p final dividend. Pre-tax profits were estimated at £11.5m, little changed on last year's £11.3m and the previous year's £11.6m.

Pauls said it had almost completed a major reorganisation. "H & C has bid at a time when the hard decisions have been taken and shareholders have not yet been able to reap the rewards due to them. H & C has done nothing to deserve them," said Mr Michael Falcon, Pauls chairman. He said the bid seriously undervalued Pauls.

Mr George Paul, chief executive, argued that "both core businesses (animal feed and malt) are now lean, fit and pressing forward in their respective markets. Our market share in agriculture is rising and malt contracts made for 1985 have ensured that our production capacity will be fully utilised."

Barrings, advisers to H & C, said the defence document "failed to answer the main contention of our offer that it was very fair and generous. It doesn't say why our offer was inadequate." The document did not include an estimate of earnings per share, Barrings noted.

Pauls said H & C's earnings were dependent on volatile commodity markets and that its plantations were vulnerable to political uncertainties. Pauls' shares were unchanged yesterday at 336p, and H & C's share offer of 0.75p shares for each Pauls share was thus valued at 326p, compared with the 320p cash alternative.

Barrow Hepburn cash call to cut borrowing

BY STEFAN WAGSTYL

Barrow Hepburn Group, which has switched away from its traditional tanning and leather businesses to chemicals and engineering, is asking shareholders for £2.54m via a one-for-four rights issue.

The cash call was accompanied by the announcement of a 4 per cent increase in pre-tax profit to £1.65m for 1984 on sales up 26 per cent to £41m.

The new shares are being issued at 30p against a closing price yesterday of 47p, down 2p on the day.

The company says it wants the money to reduce borrowings which have been increased by the £1.6m acquisition in November 1983 of Myrdin, a Barnsley-based specialty chemicals company. Loan notes for the great part of the purchase price are expected to be redeemed in April.

Barrow has also agreed to pay up to \$1.55m for a safety engineering company, DB Industries, acquired in April.

The company says the extra capital will allow it to expand further its chemical compounds and engineering divisions. Mr Raymond Way, chief executive, says: "It certainly puts our balance sheet in a good position. Borrowings will fall to about 13 per cent of shareholders' funds."

The chemical compounds and engineering divisions accounted for all the growth in 1984, increasing trading profits to £809,000 (£610,000) and to £868,000 (£683,000) respectively. In consumer products, profits dipped to £361,000, and the

Australian bid dealing company fell from a £24,000 profit to a £28,000 loss.

Barrow says it is too early to make predictions about the outcome for 1985, but the trends in the group's major businesses are encouraging.

Full year turnover came to £43.7m, against £27.69m, generating trading profits of £1.65m compared with £1.3m. Taxable profits were struck after higher interest payable, up from £1.71m to £1.98m.

The tax charge was £1.64m (£537,000), leaving net profits of £2.49m (£1,046,000) equal to earnings per share of 5.2p (4.1p).

There was a £315,000 extraordinary credit this time relating to fixed assets and listed investment disposals.

comment

A combination of strong progress in the old core businesses and a developing strength in new acquisitions makes Mount Charlotte one of the fastest-growing hotel chains in the UK. With a strong balance sheet behind it, the group's strategy is to inject its successful management into all hotels and gradually upgrade and modernise rooms into better-margin commercial occupancy as a cushion against the sensitive tourist trade. So far the Scottish Skye Dhu chain seems to be responding quite quickly, contributing better than £1m in the first six months since acquisition. Aberdeen coming through strongly on the back of the oil boom and Glasgow and Irvine now in the black. Down in the south, an increase in room tariffs of around 8 per cent coupled with occupancy rates of 91 per cent pushed up London's contribution to group profits to over a half. This year should see another strong push as Glasgow and Irvine make more progress, the Royal Scott comes in for the first time and London room rates continue to rise. A likely outcome of £15m before tax at 20 per cent puts the 84p shares on a perspective multiple of around 14.

BPM bid referred

The takeover of BPM Holdings, owners of the Birmingham Post and Mail, by Yattendon Investment Trust, which is owned by the Dilke family's trusts, has been referred by the Government to the Monopolies Commission.

The Government is obliged to make a referral under the terms of the 1973 Fair Trading Act since the Dilke family trust already owns a significant number of newspapers, including the Coventry Evening Telegraph and Cambridge Evening News.

Yattendon has already declared its offer unconditional, having received acceptances covering over 90 per cent of all categories of BPM shares.

Shareholders in qualifying BES

companies can claim tax relief on their investment as long as they keep the shares for five years. Central London Development's issue is sponsored by Choulaton Finance, and closes on April 11.

Central London Development, Great Gable and Limehill are asking investors for up to £4.5m between them. Their arrival brings to 12 the number of property developers which have tapped the BES for funds since early December. They will have raised a combined total of well over £40m if their share offers are fully subscribed.

Central London Development, which is asking to raise almost £1m to develop residential property in the capital, admits to bringing its share offer forward because of anxiety that the Chancellor might prevent property companies from qualifying from the BES in future.

Agricultural ventures were banded from the BES in the last Budget, and further adjustments to the scheme seem likely next month. The Government is believed to be concerned that the scheme is still attracting too many asset-based investments and not enough genuine start-ups with lasting employment potential.

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118% profit surge at Mount Charlotte

BY ALEXANDER NICOLL

AN INCREASE of 118 per cent in taxable profits from £4.6m to £10.03m was achieved in 1984 by Mount Charlotte Investments, the hotel and catering group.

Shareholders are set for a higher final dividend of 0.74p, against 0.63p, and are told that further "significant progress" is expected for the group in 1985.

The figures include results from the date of acquisition of the 660-room Dhu Hotels in Scotland, acquired for £27.7m on July 22 last and the 349-room Royal Scot Hotel in London, purchased from Scottish & Newcastle Breweries on November 14 for £10m.

Group taxable profits for the second half of the year climbed from £2.2m to £4.6m following the more than doubled £3.53m result at halfway, which was accompanied with a higher interim dividend of 0.46p (0.4p).

Full year turnover came to £43.7m, against £27.69m, generating trading profits of £1.65m compared with £1.3m. Taxable profits were struck after higher interest payable, up from £1.71m to £1.98m.

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Central London Development, which is asking to raise almost £1m to develop residential property in the capital, admits to bringing its share offer forward because of anxiety that the Chancellor might prevent property companies from qualifying from the BES in future.

Agricultural ventures were banded from the BES in the last Budget, and further adjustments to the scheme seem likely next month. The Government is believed to be concerned that the scheme is still attracting too many asset-based investments and not enough genuine start-ups with lasting employment potential.

Shareholders in qualifying BES

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Booker pays £6.7m for 13 Fitch Lovell depots

BY ALEXANDER NICOLL

Booker McConnell, the food distribution and agribusiness group which is fighting a £310m bid from Dee Corporation, is buying Fitch Lovell's 13 cash and carry wholesale depots in the South-west and Midlands for £6.7m in cash.

Booker is already the largest cash-and-carry operator in the UK, with Dee the second largest. Concentration in this business was the main focus of last month's report by the Monopolies Commission, which cleared Dee to bid for Booker.

The Office of Fair Trading, responsible for referring bids to the Commission, said yesterday that it was considering the latest transaction in relation to Dee's bid.

Booker said the depots would be integrated into its existing network of 102 depots and would allow greater efficiency and cost reductions. Mr Jonathan Taylor, managing director, said: "We are filling geographical expansion if we were not highly satisfied with the performance of our cash-and-carry business overall."

Booker said the acquisition would improve the profitability of the cash-and-carry business in 1985, following a return to significant profitability in 1984.

The Fitch Lovell depots had sales of £51.7m and pre-tax profit of £762,000 in the year ended April 28, 1984. Net assets of the business being acquired were £5.6m, including £2m of cash resources. The purchase price includes repayment of a £100,000 company debt.

Booker estimated that, after adjustment for Fitch Lovell management charges, the increase in pre-tax profits resulting from the purchase would be £1m in a full year.

Fitch Lovell said the sale was part of an effort to concentrate its resources in its specialist area of food manufacturing and distribution.

Booker's share price fell 4p yesterday to 341p, while Dee's lost 3p to 779p, valuing its share offer for Dee at 249p. Dee Unit Trust, which had disclosed plans to takeover 500 jobs.

Ward White on 'proven record'

BY MARTIN DICKSON

Ward White, the Northamptonshire shoe retailing group, said yesterday that its £300m takeover bid for Foster Brothers Clothing, the menswear chain, would create a powerful UK retailing presence with annual sales of over £250m.

In its offer document to Foster Brothers shareholders, Ward White said it had a proven record of successfully integrating retail businesses and had the management to improve Foster Brothers' trading performance.

The company is bidding five of its shares for every six Foster, which at yesterday's Ward White closing price of 232p, up 2p on the day, values each Foster share at 156p. That compares to Foster's close last night at 204p, up 2p. There is a cash alternative offer of 170p a share.

Ward White said the paper offer represented an increase in dividend income of 15 per cent and an increase in capital value of 58 per cent over the Foster share price on January 16, just before Ward White began buying Foster shares.

It also meant an uplift of more than 40 per cent over the audited net asset value of Foster at the end of February last year.

Philip Bly, Ward White's chairman, said that the company's ability to integrate businesses had been shown most recently in its acquisition of Halfords, the motor accessories retailer, which it bought in November from "Burmah Oil". This had already achieved a "significantly improved performance."

Ward White intended to carry out a full review of Foster's activities, including the possible acceleration of the store refurbishment programme, already under way.

Property developers rush to get finance from BES

BY WILLIAM DAWKINS

THREE PROPERTY developers are among the latest companies to tap the new Business Expansion Scheme (BES) for funds to finance their expansion.

Central London Development, Great Gable and Limehill are asking investors for up to £4.5m between them. Their arrival brings to 12 the number of property developers which have tapped the BES for funds since early December. They will have raised a combined total of well over £40m if their share offers are fully subscribed.

Central London Development, which is asking to raise almost £1m to develop residential property in the capital, admits to bringing its share offer forward because of anxiety that the Chancellor might prevent property companies from qualifying from the BES in future.

Agricultural ventures were banded from the BES in the last Budget, and further adjustments to the scheme seem likely next month. The Government is believed to be concerned that the scheme is still attracting too many asset-based investments and not enough genuine start-ups with lasting employment potential.

Shareholders in qualifying BES

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Herman Smith quits metal presswork

Herman Smith, the West Midlands-based engineering group which plunged into loss last year, is to close its metal presswork division. The business and the majority of the assets involved are being bought by Armstrong Equipment of Humberstone for about £250,000.

Herman's shares were suspended on Wednesday at 22p, at which the company is valued at just £2.2m. The board has asked for the suspension to remain in force while it reorganises its affairs. It promised a further announcement in two weeks.

In the last year the company has attempted two rationalisations at Herman Smith (Presswork), which makes pressed components, sheet metal assemblies and welded fabrications. In December it spoke of "substantial cost write-downs" in reorienting the division to a smaller number of large customers.

For the year to June the group made pre-tax losses of £1.9m, including exceptional charges of £975,000, against a small profit the previous year.

The December statement also unveiled an agreement with William Baird for its Darheem division to take a stake in Herman Smith's precious engineering side for an amount in the region of £1m. A deal of this nature was a requirement imposed by Herman Smith's bankers for their continued support and its accounts were qualified accordingly.

At its last year-end the company owed its banks just under £2m, and it acknowledged yesterday: "There are an awful lot of borrowings there for the level of activity."

Its metal finishing activities were continuing, it added, and its high technology joint venture with Hitec of the U.S. was showing benefits.

The closure of the presswork side will mean the loss of 110 jobs. Armstrong is paying £50,000 for plant, property and customer contracts, and will purchase as much as it requires of stock valued at a minimum £300,000. International Power Presses is buying some additional machinery for £120,000.

Operating profits amounted to £1.0m (£93,000) and was subject to interest payments of £376,000 against £339,000. The 6m dividend is unchanged at 3.75p, making a total 5.5p (5.25p).

The directors say that the uncertainty in the economy caused by the coal industry dispute affected and half trading of certain branches in the North East.

The Vauxhall Opel share of the national passenger car market again increased during 1984. But the directors say it was extremely difficult to maintain adequate unit gross profit margins because of competitive trading conditions, and point out that the company had to rely on its spread of activities to support group earnings.

tax took £137,000 (£93,000), leaving net profits of £517,000 against last year's £541,000.

Mayhew price fixed

Broker Simon and Coates has fixed a placing price of 100p a share for Mayhew Foods, a supplier of fresh and processed chicken which is being floated on the USM.

The issue is being advertised next Wednesday and dealings are to start on Monday, March 4.

Mid-Sussex Water

The issue of £3.5m 12 per cent redeemable debenture stock being made by Mid-Sussex Water Company is redeemable on March 31, 2010. Brokers to the issue are Dennis Murphy, Campbell and Company.

Offers for sale, placings and introductions

Mid-Sussex Water Company—Placing of £3.5m 12 per cent redeemable debenture stock 2010 at 97p.

Pearson Butler—Placing of 1.25m shares at 25p per share.

Sims Catering Butchers—USM placing of 1.04m shares at 125p per share.

Southern Business Leasing—Placing of 1.8m shares at 134p net share.

Systems Designers International—Placing of 2,031,855 shares at 120p per share.

Wight Collins Rutherford Scott—Placing of 1.15m shares at 270p

Rbt. Douglas sees recovery

BY STEFAN WAGSTYL

AS A RESULT of losses being sustained on several contracts in the UK and overseas, Robert M. Douglas, civil engineer and building contractor, plunged into the red in the six months to September 30, 1984.

Mr J. R. T. Douglas, the chairman, says however, that he anticipates an improved position at the end of the financial year, though the two major outstanding claims remain unresolved. Legal proceedings have been instituted by the company.

The construction equipment and materials supply divisions have made good progress, at home and overseas, increasing both turnover and profit. The plant hire division suffered from reduced turnover and incurred an increased loss. Reorganisation of the hire fleet and depot structure is under way.

In the six months under review, there was a group operating loss of £109,000 (profits of £218,000 before redundancy costs of £83,000). Interest receivable totalled £36,000 compared with £76,000, but this was eliminated by interest charges of £131,000 (£173,000). Related company losses came to £291,000 (£165,000 profit).

In view of the first half losses, the directors feel it is undesirable to declare an interim dividend. Last year's interim dividend was 0.75p net, followed by a final of 1.375p. Consideration was given to a dividend at the year-end dividend at the appropriate time.

After tax of £186,000 (£240,000) and minorities of £69,000 (£2,000), the attributable loss to shareholders was £412,000 against £177,000, which included an extraordinary debit of £239,000. The loss per share was 2.7p (0.9p)—at the last year-end the stated earnings were 2.2p.

Adams & Gibbon improves despite miners' strike

BY STEFAN WAGSTYL

HIGHER taxable profits of £654,000 against £224,000 were achieved by Adams & Gibbon in the year to November 30, 1984, despite a slowdown in the second six months due to adverse effects from higher interest rates and the coal dispute.

The company, a garage proprietor and Vauxhall Opel main dealer in the North-East of England, lifted full year turnover from £32m to £33.22m.

In terms of new car volumes, 1985 has started well but margins continue to be subject to extreme pressures. And although the directors are optimistic on prospects for its leasing and hire purchase divisions, they say it will be difficult for the group to make significant progress while interest rates remain at current high levels and general economic prospects remain unsettled.

Operating profits amounted to £1.0m (£93,000) and was subject to interest payments of £376,000 against £339,000. The 6m dividend is unchanged at 3.75p, making a total 5.5p (5.25p).

The directors say that the uncertainty in the economy caused by the coal industry dispute affected and half trading of certain branches in the North East.

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Sims Catering Butchers—USM placing of 1.04m shares at 125p per share.

Southern Business Leasing

MONTAGU			
HART TRUST MANAGERS LTD			
11th November Share			
EC2M 4YR	01-823 4273		
Daily Dealing Prices			
as at 22nd February 1985			
But Offer Change Yield %			
Gold & Prec.			
Montagu	42.4	43.7	+0.3 2.15
(Accum. Unit)	42.4	43.7	+0.4 2.15
Japan Perf.			
Montagu	43.6	47.1	+3.5 7.7
(Accum. Unit)	43.6	47.1	+3.6 7.8
U.S. Mkt.			
Fairfax	69.8	63.1	-6.5 1.85
(Accum. Unit)	50.0	43.2	-6.3 1.85
U.S. Spec.			
Fairfax	70.4	77.2	+6.8 9.8
(Accum. Unit)	52.5	77.4	+24.9 9.38
U.S. Special			
Montagu	57.6	61.4	+3.8 6.71
(Accum. Unit)	58.1	61.2	+3.1 6.71
Equity Export			
Montagu	296	302.2	+6.2 7.77
(Accum. Unit)	354.3	369.9	+15.6 7.77

INSURANCE, OVERSEAS & MONEY FUNDS

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85	Stock	Price	+/-	Yield	Red.
100	100	100	0	0	0
101	101	101	0	0	0
102	102	102	0	0	0
103	103	103	0	0	0
104	104	104	0	0	0
105	105	105	0	0	0
106	106	106	0	0	0
107	107	107	0	0	0
108	108	108	0	0	0
109	109	109	0	0	0
110	110	110	0	0	0
111	111	111	0	0	0
112	112	112	0	0	0
113	113	113	0	0	0
114	114	114	0	0	0
115	115	115	0	0	0
116	116	116	0	0	0
117	117	117	0	0	0
118	118	118	0	0	0
119	119	119	0	0	0
120	120	120	0	0	0
121	121	121	0	0	0
122	122	122	0	0	0
123	123	123	0	0	0
124	124	124	0	0	0
125	125	125	0	0	0
126	126	126	0	0	0
127	127	127	0	0	0
128	128	128	0	0	0
129	129	129	0	0	0
130	130	130	0	0	0
131	131	131	0	0	0
132	132	132	0	0	0
133	133	133	0	0	0
134	134	134	0	0	0
135	135	135	0	0	0
136	136	136	0	0	0
137	137	137	0	0	0
138	138	138	0	0	0
139	139	139	0	0	0
140	140	140	0	0	0
141	141	141	0	0	0
142	142	142	0	0	0
143	143	143	0	0	0
144	144	144	0	0	0
145	145	145	0	0	0
146	146	146	0	0	0
147	147	147	0	0	0
148	148	148	0	0	0
149	149	149	0	0	0
150	150	150	0	0	0
151	151	151	0	0	0
152	152	152	0	0	0
153	153	153	0	0	0
154	154	154	0	0	0
155	155	155	0	0	0
156	156	156	0	0	0
157	157	157	0	0	0
158	158	158	0	0	0
159	159	159	0	0	0
160	160	160	0	0	0
161	161	161	0	0	0
162	162	162	0	0	0
163	163	163	0	0	0
164	164	164	0	0	0
165	165	165	0	0	0
166	166	166	0	0	0
167	167	167	0	0	0
168	168	168	0	0	0
169	169	169	0	0	0
170	170	170	0	0	0
171	171	171	0	0	0
172	172	172	0	0	0
173	173	173	0	0	0
174	174	174	0	0	0
175	175	175	0	0	0
176	176	176	0	0	0
177	177	177	0	0	0
178	178	178	0	0	0
179	179	179	0	0	0
180	180	180	0	0	0
181	181	181	0	0	0
182	182	182	0	0	0
183	183	183	0	0	0
184	184	184	0	0	0
185	185	185	0	0	0
186	186	186	0	0	0
187	187	187	0	0	0
188	188	188	0	0	0
189	189	189	0	0	0
190	190	190	0	0	0
191	191	191	0	0	0
192	192	192	0	0	0
193	193	193	0	0	0
194	194	194	0	0	0
195	195	195	0	0	0
196	196	196	0	0	0
197	197	197	0	0	0
198	198	198	0	0	0
199	199	199	0	0	0
200	200	200	0	0	0

Five to Fifteen Years

1984-85	Stock	Price	+/-	Yield	Red.
100	100	100	0	0	0
101	101	101	0	0	0
102	102	102	0	0	0
103	103	103	0	0	0
104	104	104	0	0	0
105	105	105	0	0	0
106	106	106	0	0	0
107	107	107	0	0	0
108	108	108	0	0	0
109	109	109	0	0	0
110	110	110	0	0	0
111	111	111	0	0	0
112	112	112	0	0	0
113	113	113	0	0	0
114	114	114	0	0	0
115	115	115	0	0	0
116	116	116	0	0	0
117	117	117	0	0	0
118	118	118	0	0	0
119	119	119	0	0	0
120	120	120	0	0	0
121	121	121	0	0	0
122	122	122	0	0	0
123	123	123	0	0	0
124	124	124	0	0	0
125	125	125	0	0	0
126	126	126	0	0	0
127	127	127	0	0	0
128	128	128	0	0	0
129	129	129	0	0	0
130	130	130	0	0	0
131	131	131	0	0	0
132	132	132	0	0	0
133	133	133	0	0	0
134	134	134	0	0	0
135	135	135	0	0	0
136	136	136	0	0	0
137	137	137	0	0	0
138	138	138	0	0	0
139	139	139	0	0	0
140	140	140	0	0	0
141	141	141	0	0	0
142	142	142	0	0	0
143	143	143	0	0	0
144	144	144	0	0	0
145	145	145	0	0	0
146	146	146	0	0	0
147	147	147	0	0	0
148	148	148	0	0	0
149	149	149	0	0	0
150	150	150	0	0	0
151	151	151	0	0	0
152	152	152	0	0	0
153	153	153	0	0	0
154	154	154	0	0	0
155	155	155	0	0	0
156	156	156	0	0	0
157	157	157	0	0	0
158	158	158	0	0	0
159	159	159	0	0	0
160	160	160	0	0	0
161	161	161	0	0	0
162	162	162	0	0	0
163	163	163	0	0	0
164	164	164	0	0	0
165	165	165	0	0	0
166	166	166	0	0	0
167	167	167	0	0	0
168	168	168	0	0	0
169	169	169	0	0	0
170	170	170	0	0	0
171	171	171	0	0	0
172	172	172	0	0	0
173	173	173	0	0	0
174	174	174	0	0	0
175	175	175	0	0	0
176	176	176	0	0	0
177	177	177	0	0	0
178	178	178	0	0	0
179	179	179	0	0	0
180	180	180	0	0	0
181	181	181	0	0	0
182	182	182	0	0	0
183	183	183	0	0	0
184	184	184	0	0	0
185	185	185	0	0	0
186	186	186	0	0	0
187	187	187	0	0	0
188	188	188	0	0	0
189	189	189	0	0	0
190	190	190	0	0	0
191	191	191	0	0	0
192	192	192	0	0	0
193	193	193	0	0	0
194	194	194	0	0	0
195	195	195	0	0	0
196	196	196	0	0	0
197	197	197	0	0	0
198	198	198	0	0	0
199	199	199	0	0	0
200	200	200	0	0	0

Over Fifteen Years

1984-85	Stock	Price	+/-	Yield	Red.
100	100	100	0	0	0
101	101	101	0	0	0
102	102	102	0	0	0
103	103	103	0	0	0
104	104	104	0	0	0
105	105	105	0	0	0
106	106	106	0	0	0
107	107	107	0	0	0
108	108	108	0	0	0
109	109	109	0	0	0
110	110	110	0	0	0
111	111	111	0	0	0
112	112	112	0	0	0
113	113	113	0	0	0
114	114	114	0	0	0
115	115	115	0	0	0
116	116	116	0	0	0
117	117	117	0	0	0
118	118	118	0	0	0
119	119	119	0	0	0
120	120	120	0	0	0
121	121	121	0	0	0
122	122	122	0	0	0
123	123	123	0	0	0
124	124	124	0	0	0
125	125	125	0	0	0
126	126	126	0	0	0
127	127	127	0	0	0
128	128	128	0	0	0
129	129	129	0	0	0
130	130	130	0	0	0
131	131	131	0	0	0
132	132	132	0	0	0
133	133	133	0	0	0
134	134	134	0	0	0
135	135	135	0	0	0
136	136	136	0	0	0
137	137	137	0	0	0
138	138	138	0	0	0
139	139	139	0	0	0
140	140	140	0	0	0
141	141	141	0	0	

